COMPLETED 345 Y 4. F76/1: D62/33

THE DIPLOMATIC SECURITY PROGRAM

ORIGINAL

rf 190

HEARINGS AND MARKUP

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS

AND ITS

SUBCOMMITTEE ON
INTERNATIONAL OPERATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

on

H.R. 4151

NOVEMBER 13, 20, 1985; MARCH 5 AND 6, 1986

Printed for the use of the Committee on Foreign Affairs

U.S. GOVERNMENT PRINTING OFFICE
60-087 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

I

COMMITTEE ON FOREIGN AFFAIRS

DANTE B. FASCELL, Florida, *Chairman*

LEE H. HAMILTON, Indiana
GUS YATRON, Pennsylvania
STEPHEN J. SOLARZ, New York
DON BONKER, Washington
GERRY E. STUDDS, Massachusetts
DAN MICA, Florida
MICHAEL D. BARNES, Maryland
HOWARD WOLPE, Michigan
GEO. W. CROCKETT, Jr., Michigan
SAM GEJDENSON, Connecticut
MERVYN M. DYMALLY, California
TOM LANTOS, California
PETER H. KOSTMAYER, Pennsylvania
ROBERT G. TORRICELLI, New Jersey
LAWRENCE J. SMITH, Florida
HOWARD L. BERMAN, California
HARRY REID, Nevada
MEL LEVINE, California
EDWARD F. FEIGHAN, Ohio
TED WEISS, New York
GARY L. ACKERMAN, New York
BUDDY MacKAY, Florida
MORRIS K. UDALL, Arizona
ROBERT GARCIA, New York

WILLIAM S. BROOMFIELD, Michigan
BENJAMIN A. GILMAN, New York
ROBERT J. LAGOMARSINO, California
JIM LEACH, Iowa
TOBY ROTH, Wisconsin
OLYMPIA J. SNOWE, Maine
HENRY J. HYDE, Illinois
GERALD B.H. SOLOMON, New York
DOUG BEREUTER, Nebraska
MARK D. SILJANDER, Michigan
ED ZSCHAU, California
ROBERT K. DORNAN, California
CHRISTOPHER H. SMITH, New Jersey
CONNIE MACK, Florida
MICHAEL DeWINE, Ohio
DAN BURTON, Indiana
JOHN McCAIN, Arizona

JOHN J. BRADY, Jr., *Chief of Staff*
LISA I. HEYES, *Staff Assistant*

SUBCOMMITTEE ON INTERNATIONAL OPERATIONS

DAN MICA, Florida, *Chairman*

GUS YATRON, Pennsylvania
PETER H. KOSTMAYER, Pennsylvania
LAWRENCE J. SMITH, Florida
TED WEISS, New York
BUDDY MacKAY, Florida

OLYMPIA J. SNOWE, Maine
BENJAMIN A. GILMAN, New York
CONNIE MACK, Florida
JOHN McCAIN, Arizona

RICHARD W. McBRIDE, *Subcommittee Staff Director*
KENNETH PEEL, *Minority Staff Consultant*
SUSAN McCARTAN ANDROSS, *Subcommittee Staff Consultant*
THOMAS BRUCE, *Subcommittee Staff Consultant*

CONTENTS

WITNESSES

Wednesday, November 13, 1985:
- Hon. Ronald I. Spiers, Under Secretary for Management, Department of State, accompanied by Hon. Robert E. Lamb, Assistant Secretary of State, Bureau of Administration and Security 16
- Woodward Kingman, Associate Director, Bureau of Management, U.S. Information Agency 29
- Jay F. Morris, Deputy Administrator, Agency for International Development 35

Wednesday, November 20, 1985:
- Richard Dertadian, Deputy Assistant Secretary, Office of Foreign Buildings, Department of State 68
- Frank Warren, Associated General Contractors 98
- Robert F. Messmer, American Institute of Architects 105
- William J. Birkhofer, American Consulting Engineers Council 118

Wednesday, March 5, 1986 (subcommittee markup):
- Robert E. Lamb, Director, Bureau of Diplomatic Security, Department of State 149

Thursday, March 6, 1986 (full committee markup, no witnesses) 151

MATERIAL SUBMITTED FOR THE RECORD

Letter dated November 7, 1985, from President Ronald Reagan to Chairman Mica in response to Chairman Mica's letter to September 25 calling for his support for legislative measures to improve overseas security 10

Letter dated November 18, 1986, to the U.S. Department of Commerce from John F. Black, Chief, Contracts Branch, Office of Foreign Buildings Operations, Department of State, consisting of a synopsis soliciting qualifications and experience from private sector firms for provision of services for programs to construct and upgrade U.S. Department of State facilities abroad 81

APPENDIXES

1. Statement of principles—relationship of Department of State's DSS (Diplomatic Security Service) to USIA/AID 207
2. Fiscal year 1986 Security Supplemental, Resource Summary, Department of State 209
3. Responses to questions submitted by Subcommittee Chairman Mica to Department of State 229
4. Text of amendment in the nature of a substitute to H.R. 4151 offered by Subcommittee Chairman Mica 242
5. Text of Mica/Fascell amendment to H.R. 4151 265

THE DIPLOMATIC SECURITY PROGRAM

WEDNESDAY, NOVEMBER 13, 1985

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on International Operations,
Washington, DC.

The subcommittee met at 3:48 p.m., in room 2200, Rayburn House Office Building, Hon. Dan Mica (chairman of the subcommittee) presiding.

Mr. Mica. The Subcommittee on International Operations will come to order.

Gentlemen, I think my ranking minority member, Ms. Snowe, and I are going to minimize our statements and submit them for the record so we can hear your testimony. The way I plan to proceed is Ms. Snowe and I will make a brief opening statement, we will ask each of the witnesses starting with Mr. Spiers to testify, and then we will open it up to questions.

Let me tell you as we start this out, we have been reviewing the progress of the Inman recommendations and legislation, and I can tell you we are furious, we are upset, we are not pleased with what we have seen. We intend to ask some very tough questions, and I can tell you the concern is bipartisan. I am not sure which one of us is more upset at the lack of progress we have had. In discussing this, we are trying to temper each other's tone, but it is clear to me that there apparently is a massive lack of communication or no desire on the part of the administration at the highest levels to really start to combat terrorism in any of the legislative ways that were recommended by the Inman Panel.

We see some tremendous progress, Mr. Lamb, and we appreciate the work that you have done in implementing those areas that can be implemented without legislation. But the responses we have had indicate just plain basic administrative and clerical foulups on handling the Inman report. The response to this committee is absolutely intolerable and we are furious about it.

I will put my entire opening statement in the record. I would also like to read into the record a letter that I received which I have a hard time believing means what I think it means. It was hand delivered to me from the President regarding this Inman Panel report.

As some of you may know, I wrote to the President and this committee wrote to the President and said we are ready and willing to work on a legislative package. We want to do everything we can. We have worked out a bipartisan agreement. We are going to walk forward together on fighting terrorism. I served on the panel.

There was a legislative package recommended, it was presented to the Secretary in June. The Secretary testified here on July 24 and said that everybody, the President, the Secretary of State, the State Department, would all try to get legislation enacted together, to let us make a bipartisan effort to fight terrorism.

Here we are 4 months later, and we have not had a word on that package.

I wrote a letter to the President saying that we are ready to go, Mr. President. Is it a priority or is it not? And I got a letter back saying thank you for your thoughts on terrorism and referring it to the appropriate State Department authorities. I thought that was inappropriate, but at that time we did not raise cain about it.

We wrote back and we called back and we got this letter that apparently is setting up some new linkage between the Inman report and support for, I guess, either Central America, in general, or Nicaragua or El Salvador. I am somewhat surprised, and I want to ask a few questions about this.

But let me just read this for the record.

"Dear Dan:" He knows my name.

Mr. Smith. Will the chairman yield?

Do you mean that the first letter you received was kind of a constituent response as opposed to a response directed to the subcommittee?

Mr. Mica. That is exactly what it was. I hope it was an administerial or a clerical error, but I cannot believe that we got a letter back indicating that they were happy to get my thoughts on terrorism when we were asking whether or not the President would lend his name to the package, and that it would be referred to the appropriate authorities.

But, at any rate, we chose at that point not to make an issue out of it, not to turn it into a public issue, but to try to get a reasonable response. And this is what we have gotten.

> I am grateful for your letter of September 25 regarding the security of our diplomatic installations oveseas.
>
> The Secretary of State has kept me informed on progress in implementing the recommendations of his Advisory Panel on Overseas Security, chaired by Admiral Bobby Inman. I am impressed with the serious and comprehensive work that was done by the panel and I thank you for your participation as a member.
>
> As you know, the Secretary of State, on receipt of the reports, directed an immediate review to determine the necessary and appropriate steps to be taken. I am aware that he has testified before your committee on these points. Based on our review, it is the firm intention of this administration to take the additional steps that are necessary to protect our diplomatic installations, our diplomats and our national security information overseas.
>
> As you know, host governments are ultimately responsible for protecting American lives and property in their countries. I see a synergistic effect in programs such as that proposed by the Inman Panel and our own regional counter-terrorism assistance programs. Your support for our Central America counter-terrorism initiative is, therefore, important to a coherent approach in the region. I hope I can count on you to work on Congressional approval for both.

And he thanks me with some personal regards.

I want to hear your testimony, but one quick clarification. A synergistic relationship between the Inman report and support for counterterrorism in Central America. Could you explain that to me?

Mr. **Spiers**. Well, I can only—I am not the author of the letter so I can only speculate, interpret what it means. And that is that security programs and counterterrorism assistance programs have to support each other.

I personally do not find that an illogical connection.

Mr. **Mica**. We were asking the President to come out swinging for the Inman package and let us get it moving in the Congress and let us have a package. As I understand it, he is saying that that is tied now to our support for a somewhat controversial approach in some aspects to their counterterrorism effort or their efforts in Central America.

I cannot believe we are at this stage 4 months after the Secretary said the entire administration is going to put its full force and weight behind the Inman panel and do something about terrorism before there is another attack. Four months down the road and now we are being told that there is a relationship—before we even get a commitment of support on the Inman Panel—to whether or not this Congress or I or anyone else supports the Central American counterterrorism initiative. In fact, I have supported it, but I am offended when I am told that it is tied to the Inman Panel recommendations.

Mr. **Spiers**. Yes—I do not read this as tying them in any conditional relationship whatsoever.

Mr. **Mica**. Do we have a dictionary in the room?

Mr. **Spiers**. Maybe I can help you, Congressman.

Mr. **Mica**. Does anyone here want to explain to me the synergistic relationship between the two?

Mr. **Spiers**. Synergistic is the way—my understanding is that it would, one, be taken in the sense of mutually reinforcing. That each one energizes the other.

Mr. **Smith**. It means vaseline in legal form. [Laughter.]

Mr. **Spiers**. I do not have a legal dictionary.

Mr. **Mica**. I would like to strike that from the record. No, he wants to leave it in the record. Leave it on the record.

Mr. **Smith**. I do not want to strike it. Politically that is what it means.

Mr. **Mica**. Is this the end of the line for the Inman report for counterterrorism until we do everything that is requested on Central America, and how deep does that go?

Mr. **Spiers**. I can guarantee you that you——

Mr. **Mica**. You know, we talk about building up police forces in countries all over Central America. I know my ranking minority member, at least the two of us who have offered to lead the charge in this program have coincidentally been supportive of that.

We have not had a terrorist attack recently, and I think that is the whole reason we have received a letter like this 4 months later. The pressure is off. And that is why the Inman Panel recommendations have been brought up because we had some real tragedies that hit America.

Mr. **Smith**. Mr. Chairman, would you yield?

We did have a terrorist attack. Our Lima, Peru, Embassy was attacked on Sunday.

Mr. **Mica**. Exactly. I stand corrected.

Mr. **Smith**. With machinegun and automatic weapons.

Mr. MICA. And the bomb that went off in Beirut this weekend was 300 feet from our Embassy. So, we have had some terrorist incidents. I do stand corrected on that.

Let me stop right here. I do not think I am going to get an answer to what I am asking here today. I will just say that this committee has bipartisanly agreed to go on the offensive and we are not going to let any more days go by without that package and without some recommendations.

We had some kind of an agreement 1½ or 2 years ago and I talked to every member of this committee. We would not make it partisan. I served on the committee. We would try to make it a priority in the administration, in the State Department and in this committee. We would not go introducing or encouraging 430 different bills before the Congress. We would use the Inman report, try to get some consensus. We have the consensus, and now we cannot get the President to go on board. He is the one who started the agreement.

Ms. Snowe.

Ms. SNOWE. Thank you, Mr. Chairman.

I think I want to support everything that the chairman has said and even more. And the chairman did not even mention the fact that the first response he received from the White House was from the congressional liaison rather than the President of the United States on this very vital matter. If the President was supportive of this package in this proposal, then why did he not so state in his letter.

And then, secondly, why raise the Central American Counter-Terrorism Program? That is a package we are considering in the full committee and we have had some hearings on the issue. It was not necessary to raise that in tandem or with this issue here today.

I am very disappointed and concerned as well. We have a decision here in the committee to either move forward with this package irrespective of the administration's support or lack of support. That is a decision we have to make because ultimately the people abroad who work for the U.S. Government are vulnerable and their lives are in jeopardy every day we postpone action on this package. So, we have to make a crucial decision, with or without the President of the United States.

A lot of the proposals have already been implemented, and I want to congratulate all of you for that. But we still have the major thrust of the package to implement, which will be costly, and it is expensive, but no one suggested it would not be.

So, I guess what we most need here today rather than going into the many specifics on the package, is to have concrete responses from the administration, from you, the State Department, on whether or not the President is going to support this package. We need to know.

We are coming close to the end of the year. I do not want to postpone this issue, because, if another tragedy does occur, we all will assume that responsibility. So, I would hope that the administration will not play a cat and mouse game with this very vital issue, because people's lives are at stake. We might as well make the commitment to support this package here and now, and I would hope that the President of the United States would support us in that effort. But frankly, I think we ought to move ahead in any case. If the President wants to veto the package, then all well and good, but I think we will have dispensed with our responsibilities because we feel so strongly about it.

So, I hope we hear some very specific responses here today, and I would hope that they would not be ambivalent.

Thank you, Mr. Chairman.

Mr. **Mica**. And I might add to that, that there has never been an incident that I am aware of that somebody did not rush up here and ask for a supplemental. So, we are going to end up at the next incident with a half-billion-dollar supplemental as a Band-Aid while the entire package still waits for somebody to sign off on it.

The message right now appears to be if there is a headline, if it is out front, if there is a focus and if there is a crisis, we are all with you. But as soon as that is over, it is too bad, we will get to you later.

Mr. Smith.

Mr. **Smith**. Thank you, Mr. Chairman.

I am as disappointed as you both. This past August I had occasion to go with the staff member from this committee overseas to England, France and Italy to see just what kind of operation that is going on inside the State Department in terms of protecting our personnel and our grounds is happening and what, if any, are the difficulties and the problems.

We uncovered enormous amounts of problems. Problems in the pipeline, problems in communication, problems in servicing equipment, problems in protecting our people, problems in getting the money sufficient to protect the compounds and all other kinds of things which the Inman Panel is dealing directly with.

The report of that is basically dealing directly with the capacity of the Government of the United States to protect and defend Foreign Service officers, the attachés at the Embassies that belong to other agencies and departments and the buildings and grounds.

We were in France. We heard that a gigantic plate glass window in order to be expedited for the construction of a new Marine guard booth was sent directly by the manufacturer and not shipped through State. But when it came in the French required VAT to be paid. We did not want to pay VAT; it was about $20,000. Well, we waltzed back and forth for about 5 months until somebody, I will not mention his name, although he ought to be commended for the initiative, decided the best thing to do was to go down to the dock, take the damn thing out of bond, ship it to Antwerp, restamp it "Office Supplies State Department," and ship it back to France, which they did and which immediately was shipped over to the Embassy. No help from the State Department in this matter.

Deltas that are bought for foreign use that do not work in the winter because the manufacturers do not have service people and they are not calculated to work in the European cold.

Over and over and over, notwithstanding the best efforts of the emergency committees that are set up in the Embassy. The regional security officer, they are working their tails off in these places, working hard to do the things that the Inman Panel has suggested be done. But there is no administrative layer set out to help them. There is no communication between—real communication in the sense of a formalized new kind of dedication between what is happening overseas and what we are doing in this country.

I left Italy. A few weeks later somebody threw a hand grenade into the Cafe de Paris on the Via Veneto; 18 Americans were injured in that. We are fortunate that some of our people were not in there because you know it is a place that is frequented by our Embassy personnel, and the Cafe de Paris is a block from the Embassy.

Over and over and over again we get the same kinds of very, very revealing problems. We know it is going to happen somewhere and we are not taking the steps fast enough to make sure that we do not get caught again. We are very lucky, in my estimation, that after the President ordered what he did with reference to the jet plane carrying the Achille Lauro hijackers that we have not seen the retaliatory raid somewhere else in the world. I personally think it is only a matter of time.

And anything that delays our ability to protect ourselves from that, my own feeling is that we ought to go way beyond the Inman report in terms of what the Secretary himself has spoken about, that that is preemptive and retaliatory capabilities. Anything that delays that is only inviting further tragedies to occur to your employees, to our people, to the people that serve the country overseas.

We can go on and on and on. All I can tell you is that it is frustrating, frustrating. The people in this country I do not think are aware that we do not run the Government here. You run the Government.

Well, you can raise your eyebrows, Mr. Spiers, and I have a great deal of respect for you. We do not run the Government. You know that. We cannot hire or fire a single executive branch employee. But I will tell you what, if we could, there would be an awful lot of people out looking for jobs right now.

We had a meeting of this subcommittee 2 weeks ago. We had a gentleman from your Department come up and testify again. His answers were unsatisfactory. His facts were poor. You know who I mean. It has happened before. And I am now about up to here with that kind of thing.

The testimony was that there is an action group which has called for certain things to happen and telegrams are going out to Embassies all over the country to ask those countries through our Embassies—there is a maritime Conference to be held in London in a few weeks—to sit down with us and discuss what could occur in terms of protection.

And I asked who from the State Department was going to attend that conference on terrorism, maritime terrorism, I was told the economic officer from one of the economic divisions; nobody from OCP, nobody, although they sent the telegrams out to the Embassies and asked the Embassies to ask the host countries who are going to come with an idea of what they wanted to discuss on that particular matter. There is no dedication here to following up. I am extremely disappointed. I am proud, proud of what is going on in the Embassies around the world that I see. Those people have taken the bull by the horns, but they are getting no backup from right here in Washington, and I feel sorry for them. They are doing a great job with what they have, but they could do a hell of a sight—they would be doing much more if we had the capability of having this kind of thing and the legislation which is based on this ready, implemented and passed.

And I will tell you, I hope we can do that very quickly. There is not a single reason in the world, not one, notwithstanding the President, because I do not care if he likes it or not. There is not one reason in the world that we cannot pass and implement the recommendations of the Inman Panel.

You believe in it, Secretary Shultz testified he believed in them and I think everybody believes in them. Let us go, but it is not us that is holding it up.

Thank you, Mr. Chairman.

Mr. MICA. Thank you. Without objection, I would like to submit at this time for the record the opening statements of myself and Ms. Snowe and also the letter from the President.

[Prepared statements of Mr. Mica and Ms. Snowe, included with letter of President Reagan, follow:]

PREPARED OPENING STATEMENT OF HON. DANIEL A. MICA, CHAIRMAN, SUBCOMMITTEE ON INTERNATIONAL OPERATIONS

THE SUBCOMMITTEE WILL COME TO ORDER.

TODAY WE BEGIN OUR REVIEW OF U.S. DIPLOMATIC SECURITY PROGRAMS IN PREPARATION FOR CONSIDERATION OF LEGISLATION CALLED FOR BY THE SECRETARY OF STATE'S ADVISORY PANEL ON OVERSEAS SECURITY.

AS MEMBERS ARE WELL AWARE, THE INMAN PANEL SUBMITTED ITS FINAL REPORT LAST JUNE. THE REPORT CONTAINED 91 RECOMMENDATIONS WHICH, TAKEN AS A WHOLE, CONSTITUTE, IN MY OPINION, THE BASIC FOUNDATIONS OF SOUND DEFENSIVE SECURITY POLICY. ABSENT THE PROPOSED OVERHAUL OF THE DEPARTMENT'S DIPLOMATIC SECURITY STRUCTURE AND PROCEDURES, I AM AFRAID THAT SUBSEQUENT INITIATIVES IN THE AREA OF COUNTER-TERRORISM WILL BE INEFFECTIVE.

FOUR AND HALF MONTHS HAVE PASSED SINCE, YET, WE STILL HAVE NOT RECEIVED FROM THE ADMINISTRATION EVEN A HINT AS TO HOW THEY INTEND TO IMPLEMENT THE MAJOR RECOMMENDATIONS REQUIRING LEGISLATION. SO FAR, I HAVE BEEN PATIENT AND WILLING TO ALLOW THEM TIME TO FULLY REVIEW THE SITUATION. I HAVE EVEN ENCOURAGED THE

ADMINISTRATION TO IMPLEMENT AS MUCH AS POSSIBLE BY REGULATIONS AND BY REPROGRAMMING.

LAST JULY, THE SECRETARY APPEARED BEFORE THIS COMMITTEE AND ASSURED US THAT DRAFT LEGISLATION WOULD BE SUBMITTED EARLY IN SEPTEMBER. HOWEVER, THE OFFICE OF MANAGEMENT AND BUDGET STILL HAS NOT CLEARED THE DEPARTMENT'S DRAFT LEGISLATION. IT WOULD APPEAR THAT, TO SOME, THE RISK IMPLICIT IN DEFERRING ANY DECISIONS ON DIPLOMATIC SECURITY WHILE THE ENVIRONMENT IN WHICH U.S. GOVERNMENT PERSONNEL OPERATE AND U.S. CITIZENS TRAVEL WORSENS, IS AN ACCEPTABLE ONE.

YET, AT THE SAME TIME, THE SAME ADMINISTRATION HAS EMBARKED ON A MUCH MORE VIGOROUS LOBBYING EFFORT TO SEEK AUTHORIZATION FOR MORE POLICE TRAINING IN CENTRAL AMERICA. I FEEL COMPELLED TO QUESTION THE ADMINISTRATION'S WISDOM.

IN THE ABSENCE OF SPECIFIC EXECUTIVE BRANCH LEGISLATIVE PROPOSALS, THE SUBCOMMITTEE WILL REFER TO THE LEGISLATIVE PACKAGE PROPOSED BY THE INMAN PANEL TO GUIDE ITS DELIBERATIONS.

BEFORE WE BEGIN THIS HEARING, I WISH TO TAKE A FEW ADDITIONAL MINUTES TO READ INTO THE RECORD A LETTER I JUST RECEIVED FROM THE PRESIDENT RESPONDING TO MINE CALLING FOR HIS SUPPORT FOR LEGISLATION ADDRESSING THE NEEDS OF THE DEPARTMENT OF STATE AND OTHER FOREIGN AFFAIRS AGENCIES IN THE AREA OF OVERSEAS SECURITY.

THE WHITE HOUSE
WASHINGTON

November 7, 1985

Dear Dan:

I am grateful for your letter of September 25 regarding the security of our diplomatic installations overseas.

The Secretary of State has kept me informed on progress in implementing the recommendations of his Advisory Panel on Overseas Security, chaired by Admiral Bobby Inman. I am impressed with the serious and comprehensive work that was done by the panel and I thank you for your participation as a member.

As you know, the Secretary of State, on receipt of the reports, directed an immediate review to determine the necessary and appropriate steps to be taken. I am aware that he has testified before your committee on these points. Based on our review, it is the firm intention of this administration to take the additional steps that are necessary to protect our diplomatic installations, our diplomats and our national security information overseas.

As you know, host governments are ultimately responsible for protecting American lives and property in their countries. I see a synergistic effect in programs such as that proposed by the Inman Panel and our own regional counter-terrorism assistance programs. Your support for our Central America counter-terrorism initiative is, therefore, important to a coherent approach in the region. I hope I can count on you to work on Congressional approval for both.

Again, thank you for your letter and your constructive work on the Secretary's Panel.

Sincerely,

Ronald Reagan

The Honorable Daniel A. Mica
Chairman, Subcommittee on
International Operations
Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

I HAVE ONLY ONE QUESTION I WISH CLARIFIED BEFORE WE PROCEED.

MR. SECRETARY, AM I TO UNDERSTAND THAT A LINKAGE HAS BEEN ESTABLISHED BETWEEN A DIPLOMATIC SECURITY BILL AND THE MORE RECENT CENTRAL AMERICA COUNTER-TERRORISM PROPOSAL CURRENTLY PENDING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS?

PREPARED STATEMENT OF HON. OLYMPIA J. SNOWE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. Chairman, it is startling how many hearings this subcommittee has held over the past year on the issues of diplomatic security and counter-terrorism. This is a reflection of the unfortunate new era in which we live. This hearing, however, begins an unprecedented effort by Congress and the Department of State to upgrade U.S. security standards and procedures across the board by implementing the recommendations of the Inman Panel on overseas security.

The grim fact is that this country is going to have to prepare for and combat international terrorism for years to come. The purpose of the Inman Panel recommendations is to establish a new security ethic and apparatus within the Department of State. The Department of State must better cope with the security threats of today. But it must also give the kind of prominance and priority to security concerns that will keep us ahead of the curve as future threats develop: we must be active, not reactive, to changes in the international security environment.

I congratulate the Secretary of State's foresight by forming the Inman Panel on overseas security, on which the Chairman of this subcommittee, Mr. Mica, served so ably. Secretary Shultz stated before the full committee last July that he formed the Panel because he knew there was a problem. But the Secretary said that when the Panel issued its report last June, he was sobered by just how serious the problem was.

Considering the budget concerns that so rightly have focused the attention of Congress, we might wish that the security threats to U.S. personnel around the world are not what they are. But I urge anyone who might question the necessity of implementing the Inman Panel recommendations, to actually read the Panel's report in full. ~~I believe that they, too, will be sobered.~~

I share the Chairman's concern over OMB's long delay in approving the State Department's Inman Panel request. The full committee held its initial hearing with Secretary Shultz last July, and he expressed his support for the broad scope of the Panel's recommendations.

The Secretary's appearance before our committee was just days after the Inman Panel issued its report, and he asked us to consider this matter with the urgency it deserved. In the wake of that hearing, this subcommittee had every intention of beginning work immediately on the legislation necessary to implement the recommendations with the support of the full Administration.

But that was four months ago, and OMB still has not lent its support to the State Department request. We just cannot wait any longer. OMB should be aware, that unless it comes fully behind these recommendations, further delays are possible. That may be what OMB prefers, but if so, it should accept the potential danger to U.S. personnel and national security that might result from such delay.

The security deficiencies that the Inman Panel found at half of all U.S. missions abroad were deficiencies in meeting the existing minimum security requirements -- security requirements which were themselves identified as being inadequate. The security problems at those foreign posts were so serious that merely accelerating the ongoing building program at State was dismissed as totally inadequate. Ongoing building programs of two or three U.S. missions a year pale in comparison to the minimum requirement identified by the Inman Panel of rebuilding or refurbishing 344 separate U.S. facilities over a seven-year period.

Even spread over several years, the requirement of 4 to 5 billion dollars to implement the recommendations will be an expensive undertaking. But anyone who questions the need should recognize the alternative of asking our diplomats to continue serving abroad as hostages to inadequate security, operating in an environment where national secrets are constantly endangered by electronic compromise.

But while the building program has received considerable attention as the most expensive recommendation of the Inman Panel, other recommendations -- such as increased personnel and training -- are just as important, and also require legislative action. Congress has always been responsive to the security needs of U.S. personnel abroad, and I hope this is an honorable record that will be maintained as we begin consideration of this urgently-needed legislation.

I am pleased to welcome representatives of the three primary departments and agencies with personnel overseas:

-- the Honorable Ronald Spires from the Department of State,
-- Mr. Woodward Kingman from the U.S. Information Agency, and
-- Mr. Jay Morris from the U.S. Agency for International Development.

We look forward to your views on all aspects of the Inman Panel recommendations.

Mr. Mica. We will start calling on our witnesses to speak here. Let me just make one comment here, Mr. Smith.

Our professional staff also has backed up that statement you made. After a retaliatory strike, every expert that has testified before this committee and before the Inman Commission said that we should be alert and aware that we are probably going to get hit again. And that makes it all the more urgent to handle the package. We have taken the first step, and we are leaving ourselves unprepared.

So, with that, our witnesses today are the Honorable Ronald Spiers, Under Secretary for Management, Department of State, Woodward Kingman, Associate Director of Bureau of Management, USIA, and Jay Morris, Deputy Administrator of AID.

Gentlemen, I would like you to proceed. Mr. Spiers, would you please start first, and please feel free to summarize your testimony. We have had a chance to look at it, and all testimony, without objection, will be submitted in its entirety in the record.

STATEMENT OF HON. RONALD I. SPIERS, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF STATE

Mr. Spiers. Well, Mr. Chairman, let me proceed on that basis because a number of issues and questions have come up that I would like to have a chance to comment on. So, let me submit my statement for the record, and try to deal with some of the things that you have raised, and also to give a report on what we have tried to do to go ahead and launch the implementation of the Inman Panel recommendations insofar as we are able to do so without formal legislative action.

I did not see the President's letter as it was sent to you until after it had been sent. But I have to say certainly that I did not read it as indicating a linkage between the Central American program and the follow-up on the Inman Panel report.

I do not see any conditioning of one upon the other. I think that both of them can and should proceed on their own merits and it is no secret that the administration is in favor of both programs. So, I do not think that this can be interpreted in any way as a reduction in the priority that we attach to proceeding with the implementation of the Inman Panel report.

The Inman Panel recommendations I think are supported by all elements of the Government. I read that the statement in the letter that you just read about the President's firm intention to take the steps necessary to protect our diplomatic installation, our diplomats and our national security information overseas as indicating his personal support for proceeding with the request for the kind of resources that are needed for the Inman Panel.

Now, we have spent after the report was submitted to us in June, a period of time putting together a program, getting it cleared within the Department of State. That program foresees an expenditure of a substantial sum of money, approximately $3.2 billion for construction programs, security-related expenditures of about a half a billion dollars each in 1986 and 1987. That has been submitted to the Office of Management and Budget.

I am as disappointed as members of this committee that we have not been able to get that up here on to the Hill, but I think that I have to understand that it is seen within the OMB perhaps in the larger focus, as related to issues dealing with debt ceiling, Gramm-Rudman and so on.

I have been assured that as soon as there is clarity on that, this legislation will be coming up.

The other things we have been able to do on our own, and we have done so with the support of this committee. On November 4 we implemented the recommendations of the Inman Committee as they related to organization. We have established the Bureau of Diplomatic Security, we have established the Diplomatic Security Service. There are two areas in which the Secretary, two and a half in which the Secretary and his subordinates did not agree with the Inman Panel report. One was on the transfer of radio programs to the Bureau of Security. One was on the transfer of the diplomatic functions formerly held by the Office for Combatting Terrorism to the Under Secretary for Political Affairs, and one relates to not opposition, but questions relating to the capital budgeting recommendations in the Inman Panel report.

We now have a functioning Bureau of Diplomatic Security. We now have a functioning Diplomatic Security Service. The Inman Panel recommendations have been implemented as far as removing the—separating the diplomatic and the operational functions formerly performed by Ambassador Oakley's office. The Secretary wanted this office to report directly to him and his intention is ultimately to nominate an ambassador at large to be head of that office, and that office would have the responsibility for the diplomatic, the political elements of mobilizing a counter-terrorism alliance in the world, negotiations with other governments.

It is the intention that the operational elements of responsibility formerly held by that office will be transferred to the Bureau of Diplomatic Security. It is my objective that that transfer will take place by January 1 of this year, and that office will have the operational responsibility for the antiterrorism assistance program.

On the capital budgeting problem, the Secretary felt that this was so controversial within the executive branch that it would be better to proceed on the basis of securing a multiyear authorization for the building program we propose and, therefore, we have—he has not pursued that recommendation of the Inman Panel.

I would like to make a few comments on Mr. Smith's comments. As some of you may know, I am a professional Foreign Service officer myself, having served in posts abroad and a number of them in high threat posts, so that we do not regard this as a we/they proposition. These are our colleagues. In another year, some of us may be there. We have as much of a sense of urgency about this as anything.

Mr. Smith's comments go to things that have bothered me very much and our system for dealing with this. And I have made continuous efforts over 2 years to improve these things. I cannot speak to your specific examples.

Mr. **Smith**. There are thousands of them.

Mr. **Spiers**. There are not thousands because about a month ago I sent a private message to all of our ambassadors asking about this, remembering my own frustration and our often frequent inability to get responsive and timely answers out of the Department of State.

I think the unanimous result was that things have improved dramatically. There are still problems, and you are—the ones you cite may be among those problems. But I think that we are talking about something in the neighborhood of a 60-percent reduction in the frustration factor here, and we are going to continue to work on it.

There is a problem. We have an Office of Communications, we have an Office of Security, we have an Office of Foreign Buildings and too often in the past when those offices have not been able to agree on something that is security-related, they have not found a way to get responses out.

Now, this is a function and a responsibility of management of which I am in charge, and I can assure you there is nothing that is a higher priority for me than to fix these problems.

Now, I have referred to the disappointment of this committee and my own disappointment that here it is November 13, and we still do not have the legislative proposals up here. I think all of us in the State Department are disappointed about that. But also I think all of us recognize that there are other factors which come into play here, and all I can do is assure you that we are going to continue to press for the earliest submission of this legislation. There is not one wit of a diminution of the importance that is attached to this problem by myself, my colleagues, the Secretary of State, all of us. All of us without exception have been grateful for the kind of support we have received from this committee and on the Hill on this whole problem. It is a big program. It involves a lot of changes, organizationally and ways of doing business in the State Department.

Our foreign buildings operation has not been used to handling programs of this magnitude. We know we have got to get started. There are many things that we are doing. There are many things that we are doing to prepare ourselves to be able to handle these responsibilities when and if they are approved. We welcome your continued support on it, and all I can do is assure you that all of us in the Department of State are going to make every effort and continue to make every effort we can to get that legislation up here as fast as it can possibly come.

I think I will just totally skip my prepared statement and maybe my colleagues would like to go ahead and then we can discuss it further.

[Statement of Ambassador Spiers follows.]

PREPARED STATEMENT OF UNDER SECRETARY RONALD I. SPIERS

On Monday, November 4, the Bureau of Diplomatic Security and the Diplomatic Security Service were officially established, bringing to fruition the principal organizational recommendations of the Secretary's Advisory Panel on Overseas Security, chaired by Admiral B.R. Inman.

The Inman Panel's report, which contained over one hundred recommendations, was a comprehensive update on a security situation that has changed significantly over the past few years.

Nearly every day the media carries a virtual catalog of the latest terrorist acts. Official Americans and American facilities overseas are frequently targets of mob violence, terrorism, criminal acts and espionage.

The nature and intensity of the threat varies from region to region, from country to country. While in Lebanon we face nearly every imaginable threat -- from car bombs to artillery, kidnapping, assassination, and random violence -- in Jamaica our chief worry is crime. In Africa, political instability often produces security concerns for our personnel. In Europe, radical leftists and several Middle Eastern terrorist groups carry out acts of violence against Americans and American facilities.

Our experience has shown that existing threats will not disappear. In fact, new threats will be layered on top of the existing threats. We have seen this clearly in Lebanon, for example. Our principal concern in Beirut used to be assassination and kidnapping of our personnel. We are still concerned about this, but now we also have to protect our personnel against car bombs and artillery fire. We need a dynamic program to protect our people and facilities against this expanding array of threats. We believe the Inman Panel's recommendations form a solid foundation for such a program.

The central theme of the Inman Panel's Report was that in order to manage and direct security overseas and at home effectively, there must be clear cut chain of command for overall authority and responsibility of our security programs. The Inman Panel clearly preferred that these programs rest with the Secretary of State. The report went further to say that the fundamental problem of the existing situation was the lack of centralized authority; that the program was, in fact, overly fragmented and without a clear chain of command. Secretary Shultz recently stated "neither the Congress, nor the American public understands or can be expected to condone confusion in security responsibility, authority or hierarchy."

The establishment of the new Bureau of Diplomatic Security and of the Diplomatic Security Service exemplifies the Secretary's commitment to ending such confustion. Overseas, as the Secretary testified before the House Committee on Foreign Affairs last July, "the Ambassador ultimately has to be the responsible party." He went further to say, "We have tried to make it absolutely clear that the Ambassador is responsible for security, and we have got to take this seriously and that's where the responsibility lies." The establishment of the Bureau of Diplomatic Security is intended to attain that objective.

One of the principal goals of the Bureau of Diplomatic Security is to raise the level of professionalism among the Department's security personnel. It should have a clearly defined mandate, outlined in legislation, and structured along the lines of other federal law enforcement, security, and intelligence agencies, such as the United States Secret Service and the Office of Naval Intelligence. The Director of the Diplomatic Security Service would be a professional security, law enforcement or management official.

In order to ensure the professionalism and effectiveness of the Diplomatic Security Service, comprehensive training is essential. A great many of the Panel's recommendations dealt directly and indirectly with improving the training of our personnel both here and abroad. This would include professional training for security personnel and intelligence analysis, and security awareness programs for the Foreign Service in general. This program would help foster a more realistic view of the threats overseas, and of our individual responsibilities.

We plan to revise our recruitment literature to reflect more accurately the threat of terrorism and crime while serving our country abroad. We are providing "hands on" training in evasive driving and firearms familiarization to employees stationed at high-threat posts; we have identified resources needed to implement this program. We are expanding and improving on the "Coping with Violence" course offered to all personnel assigned overseas from all agencies.

The Inman Panel stressed the necessity of a standard of accountability for those responsible for the implementation and enforcement of the security program. We have already acted on this recommendation using the existing statutory authority held by the Inspector General of the Foreign Service and the Foreign Service Grievance Board. Further, an accountability review process is incorporated into the legislation currently being cleared within the Executive Branch.

Another very important aspect of the Panel's Report was the improvement of our efforts to combat terrorism through diplomacy. We have slightly modified the Panel's specific recommendation that the diplomatic initiatives of the Office for Counter-Terrorism be transferred to the Office of the Under Secretary for Political Affairs. In order to give these diplomatic efforts the focus and priority they deserve, we have instead chosen to establish the Office of Ambassador-at-Large for Counter-Terrorism. We feel this is a clear indication to other nations, friendly and unfriendly, of the importance placed upon these efforts by the Administration.

The Panel recommended that all operational and administrative responsibilities of the Office for Counter-Terrorism -- emergency planning, crisis management exercises, and anti-terrorist training assistance -- be part and parcel of the new Bureau. This has been done. The Office for Counter-Terrorism will focus on developing within the international community an offensive against terrorism.

The Panel recommended that we ensure that each post is prepared to deal with emergencies, including terrorism. This would include review and regular testing of the emergency action plans and a significant expansion of the Washington office conducting crisis management simulations. This recommendation was accepted, and implementation has begun.

The protection of foreign officials in the United States was the subject of seventeen of the Panel's recommendations ranging from improving the competence, training, and professionalism of protective details to establishing an interagency working group to facilitate cooperation between the Department and the Secret Service.

The Panel was originally inclined to recommend transferring the protective security functions in toto to the Secret Service. This was also the position of the Secretary. However, the Secret Service has made a strong case that any expansion of its authority in this area would undermine its primary responsibility of protecting the President. Nevertheless, our nation has an obligation to protect foreign diplomats and missions in the U.S. We are therefore prepared to accept this responsibility.

The Department of State has a particular interest in ensuring that we fulfill our responsibility for protecting foreign diplomats. Many nations see a relationship between the level of protection they provide our officials overseas and the protection we accord their officials here. By providing better protection here, we can help to ensure that our officials are properly protected while they are serving overseas.

We routinely exchange information and ideas with the Secret Service. However, the existing division of responsibility between the State Department and the Secret Service will continue, certainly for the immediate future.

The Inman Panel made a variety of recommendations concerning the physical security of our overseas missions. The recommendations on physical security measures are now being addressed in the interagency Overseas Security Policy Group, chaired by the Department's Director of Security. A multi-agency residential security plan has already been prepared and approved.

The Panel made twelve recommendations concerning the adequacy of both the local contract guard forces protecting the perimeter of our missions and residences, and the Marine Security Guard Program which provides internal security for our posts. The Panel concluded that we must improve the training and competence of our local guard forces. Funding for these guard forces is now being consolidated in the new Bureau of Diplomatic Security.

The Department has already sent training teams overseas to instruct local guard forces. We are preparing a manual for our guard forces worldwide. We are providing Regional Security Officers (RSOs) additional training on the management of local guard forces.

The Panel recommended the assignment of Marine Security Guards to all embassies and other posts with major classified holdings. The Panel also recommended increased training for the Marines and for the Post Security Officers. Marines are now being assigned to all sensitive posts. At those posts where, because of size or limited American presence, it is not feasible to post Marines, we are reducing the amount of classified and sensitive equipment. We support Marine Corps requests for additional resources needed to implement this recommendation.

Finally, I would like to address the proposed building program. The security construction program is the cornerstone of our security enhancement effort. It is designed to protect our facilities and personnel against both terrorists and espionage. Our present capital construction program is woefully inadequate. The serious security and safety concerns identified by the Inman Panel at over half of our embassies and consulates overseas point out the urgency of this massive security construction program. We must renovate or replace those buildings which do not meet minimal security standards. Significant additional resources will be needed to carry out this program.

We are improving the physical security of our facilities abroad. The National Academy of Sciences is now developing design criteria for physical security for the "Embassy of the Future." Security specialists are designing new construction materials and techniques which will minimize the effects of a bomb blast. Perimeter security standards are being promulgated.

To implement the vital security recommendations outlined in the Panel's Report, we must undertake a massive security construction program. Our initial planning for this work centers on almost 200 individual facilities. We will have to construct many new chanceries, consulates, and offices and rehabilitate or relocate many others. Some may be closed. This will be a multi-billion dollar program.

To date, there have been some other significant accomplishments of which the Bureau is proud. The "Coping with Violence" seminar will be expanded to a second day by January, 1986. The training of the instructors has begun with the Marine Corps providing a training workshop for 12 participants, six of whom will be members of the Diplomatic Security Service. The target date for this workshop is early January, 1986. A week long curriculum has been developed for post security officer training.

Threat alerting procedures are now more timely and effective. A uniform residential policy has been approved and disseminated. We have enhanced our technical security and countermeasures. Security engineering officers or security officers will be assigned to every Eastern European embassy and all consulates with significant classified holdings. The numbers of Marine Guard Detachments and Seabees have been increased worldwide. The Department's counter-intelligence staff has been doubled and the training of its personnel has been enhanced. Communications, automated systems and information security programs have been upgraded, and we have plans to improve our protective services for foreign diplomats and visiting foreign officials.

We have accomplished a great deal, but there is still a great deal to be done. We hope we can count on your continued support.

Mr. MICA. I would like to ask some questions, but I am restraining myself until we hear from the other witnesses.

Mr. Kingman.

STATEMENT OF WOODWARD KINGMAN, ASSOCIATE DIRECTOR, BUREAU OF MANAGEMENT, U.S. INFORMATION AGENCY

Mr. KINGMAN. Mr. Chairman and members of the subcommittee. I am pleased to have the opportunity to testify on this serious problem of overseas security.

In view of your opening comments, let me state emphatically at the outset this Agency is committed to working with you and the other foreign affairs agencies to address the immediate and future security of our employees and facilities in the field along the lines of the Inman Panel report.

We have carefully analyzed the report and believe that its recommendations will significantly increase security overseas for our personnel and facilities.

On July 3, Director Charles Wick wrote Secretary of State Shultz expressing his desire to "* * * contribute to the implementation of the Inman Panel's vitally important security recommendations."

On August 16, Director Wick expressed his complete agreement with Secretary Shultz "* * * on the importance of enhancing security of our respective personnel and facilities overseas," observing that "* * * given our similar but sometimes different requirements overseas, close cooperation between our staffs will be essential."

Mr. Chairman, we support fully the principle of one utlimate authority for overseas security; and that authority should be the Secretary of State. We support the concept which we have recognized in the past as well, that the Department of State's overseas-based regional security officers must play a primary role in the enhancement of security for us all.

Heretofore, most of USIA's security enhancement efforts overseas have been provided through funds appropriated to the Department of State. The identification of specific amounts of such funds in the past has helped assure that our priority security needs were promptly met.

We fully expect that in the future, USIA will continue to work closely with the Department of State with respect to security guidelines, funding and logistical support for our 195 overseas facilities which are separately located from those of the Department.

USIA presently devotes 14 positions to overseas security services, performing largely liaison functions with the Department's Office of Security and conducting security inspections at all USIA posts to ensure compliance with current policies and security programs.

The record clearly demonstrates the efficiency and expertise with which USIA has been able to contribute to the security of these separately located facilities abroad.

On October 16, Secretary of State Shultz wrote Director Wick explaining the purposes of proposed legislation to strengthen overseas security through consolidation of responsibility and management for that security in the Department of State. The Secretary recognized an important point which we have been stressing for some time and agreed with us, "* * * that differing standards should be applied to relay stations and to libraries."

We welcome the Secretary's recognition of the need for security standards which may differ for different kinds of facilities.

Secretary Shultz further stated that he wanted the Department, "* * * to work closely with your people on the development of appropriate security standards, procedures and funding levels for USIA facilities overseas."

USIA is working with the Office of Management and Budget and with the Department of State to make sure that the legislation which will soon be presented to the Congress clearly and specifically includes language which will reflect Secretary Shultz' statements to Director Wick.

Mr. Chairman, USIA is a relatively small Agency; but we have a wide variety of facilities overseas, from Voice of America correspondent offices to cultural centers, binational centers and VOA relay stations. Our small security office has a wealth of information and special understanding of the sometimes unique requirements of these facilities which differ substantially in character and mission from the diplomatic establishments of the Department of State. We are presently working with the Department of State to develop a legislative proposal that fully recognizes these different missions and characteristics and the ability of USIA to contribute to their improved security.

We believe there will be an important role for our security office to assist the Department in ensuring satisfactory guidelines for each overseas facility, prompt and full logistical support and funding levels adequate to do the job.

Mr. Chairman, we are pleased to have this opportunity to present our views to you and the other distinguished members of your subcommittee as legislation on this vitally important subject is being developed. We are keenly aware of the role which you and the subcommittee have played in identifying critical overseas security needs and developing a mechanism for addressing them.

Let me just add for emphasis that we in USIA are wholeheartedly in support of implementing the Inman Panel report, and we look forward to working with you to this end.

I will be happy, together with my colleagues here, to answer any questions.

Thank you.

[Statement of Mr. Kingman follows:]

PREPARED STATEMENT OF WOODWARD KINGMAN, ASSOCIATE DIRECTOR, UNITED STATES INFORMATION AGENCY

Mr. Chairman and members of the Subcommittee, I am pleased to have the opportunity to testify on the serious problem of overseas security. There has been a startling increase in terrorist acts overseas which we have experienced first hand, as USIA has been victimized on numerous occasions by bombs, takeovers, mob action and other violence. This Agency is committed to working with you and with the other Foreign Affairs Agencies to address the immediate and future security of our employees and facilities in the field, along the lines of the Inman Panel Report. We have carefully analyzed the report and believe its recommendations, when implemented, will significantly increase security overseas for all our personnel and facilities.

On July 3, Director Charles Z. Wick wrote Secretary of State Shultz expressing his desire to "...contribute to the implementation of the Panel's vitally important security recommendations". And on August 16, Director Wick expressed his complete agreement with Secretary Shultz "...on the importance of enhancing security of our respective personnel and facilities overseas", observing that "given our similar, but sometimes different requirements overseas, close cooperation between our staffs will be essential".

Mr. Chairman, we support fully the principle of one ultimate authority for overseas security; and that authority should be the Secretary of State. We support the concept which we have recognized in the past as well, that the Department of State's overseas-based regional security officers must play a primary role in the enhancement of security for us all. Heretofore, most of USIA's security enhancement efforts overseas have been provided through funds appropriated to the Department of State. The identification of specific amounts of such funds in the past has helped assure that our priority security needs were promptly met.

We fully expect that in the future, USIA will continue to work closely with the Department of State with respect to security guidelines, funding and logistical support for our 195 overseas facilities which are separately located from those of the Department. USIA presently devotes 14 positions to overseas security services, performing largely liaison functions with the Department's Office of Security and conducting security inspections at all USIA posts to ensure compliance with current policies and security programs. The record clearly demonstrates the efficiency and expertise with which USIA has been able to contribute to the security of these separately located facilities abroad.

Mr. Chairman, Secretary of State Shultz wrote Director Wick on October 16 explaining the purposes of proposed legislation to strengthen overseas security through consolidation of responsibility and management for that security in the Department of State. The Secretary recognized an important point which we have been stressing for some time and agreed with us "...that differing standards should be applied to relay stations and to libraries". We welcome the Secretary's recognition of the need for security standards which may differ for different kinds of facilities. Secretary Shultz further stated that he wanted the Department "...to work closely with your people on the development of appropriate security standards, procedures, and funding levels for USIA facilities overseas". USIA is working with the Office of Management and Budget and with the Department of State to make sure that the legislation which will soon be presented to the Congress clearly and specifically includes language which will reflect Secretary Shultz's statements to Director Wick.

Mr. Chairman, USIA is a relatively small agency; but we have a wide variety of facilities overseas, from Voice of America correspondent offices to cultural centers, binational centers and VOA relay stations. Our small security office has a wealth of information and special understanding of the sometimes unique requirements of these facilities which differ substantially in character and mission from the diplomatic establishments of the Department of State. We are presently working with the Department of State to develop a legislative proposal that fully recognizes these different missions and characteristics and the ability of USIA to contribute to their improved security. We believe there will be an important role for our security office to assist the Department in ensuring satisfactory guidelines for each overseas facility, prompt and full logistical support and funding levels adequate to do the job.

Mr. Chairman, we are pleased to have this opportunity to present our views to you and the other distinguished members of your Subcommittee as legislation on this vitally important subject is being developed. We are keenly aware of the role which you and the Subcommittee have played in identifying critical overseas security needs and developing a mechanism for addressing them. We look forward to working with you. I will be happy, together with my colleagues here, to answer any questions you may have. Thank you.

Mr. Mica. Thank you, Mr. Kingman. As we turn to Mr. Morris, I just want to thank you and tell you that I am pleased to hear your testimony which puts to rest, I'm sure, unfounded rumors that there were efforts to create three or four separate entities to run this whole security operation, which certainly would not have gotten by this committee.

Mr. Morris.

STATEMENT OF JAY F. MORRIS, DEPUTY ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Morris. Thank you, Mr. Chairman. I will try to do some summarizing of these remarks in order to keep them brief.

Mr. Mica. As I said earlier, all of your prepared statements will be entered into the record, so you may summarize.

Mr. Morris. However, I do want to hit a number of the main points. It is rather brief, but we face a different set of circumstances, we think, than those confronting our colleagues in State, and I would like to bring them up.

Mr. Mica. You are not opposing the Inman report are you?

Mr. Morris. Oh, no. [Laughter.]

Mr. Smith. I think you ought to stop right there, Mr. Morris. [Laughter.]

Mr. Morris. Well, if you wish, I will.

AID currently maintains 75 overseas missions and offices staffed by more than 1,900 AID Foreign Service officers. And I assure you, their safety and that of their families is a subject of daily, continuing interest to us.

The work of the Inman Panel, as embodied in its final report, has been of great help to us in understanding the security threat and the magnitude of the task we collectively face in combating it. The report understandably gives primary attention to the needs of the Department of State, but it does include a number of references to AID and other agencies with an overseas presence. And if I may, I would like to add a few comments on how we at AID see our own security problems.

While the source or sources of the threat are the same for all of us, we in AID are confronted more often than not with a set of conditions which vary from those which face the Embassy chancery or compound in a foreign capital.

The great majority of our overseas posts are not housed in the American Embassy chancery, which we agree represents the most visible target for the terrorist, agitator, or demonstrator. More generally, the U.S. AID mission is located in an ordinary downtown commercial office building. In Nairobi, for example, we occupy several floors in an office building in the center of the downtown business district. The same arrangements exist in such locations as Cairo, Manila, and Dakar.

Typically, in these types of situations other tenants and businesses occupy other portions of the buildings. In some instances, we occupy all or a major portion of a smaller building, usually also located in the downtown area of the city. Rabat, Morocco, is an example of this type of arrangement; there we share a downtown corner office building with a USIA library.

In those cases where we are located in the Embassy chancery, which is a minority of our posts, we share in the protection provided by the hardening of the chancery.

In the greater number of cases, however, such as those examples I have cited, we are at once more vulnerable because we are exposed and—at the same time, perhaps—more protected by the fact that we are so often surrounded in our buildings by local businesses and professional offices. We cannot be sure of this, of course, and we are not complacent but, to date, we have not had a direct attack upon an AID mission comparable to some of those suffered by our Embassies.

We are also very much aware of the possibility, as pointed out by the Inman Panel, that as our Embassies become more protected, the AID mission can become a more inviting and, if you will, softer target.

Another point I want to make is that our facilities, in contrast to the more normal pattern of embassy ownership, are generally leased, as our presence in a country is always for an indeterminate period. Finally, AID is wholly in the less developed countries of the world, where political instability, overcrowding and poverty in principal cities can frequently foster hazardous living conditions. Thus we have a continuing high level of concern for the safety of our families in their homes and daily lives.

In these conditions we have, we believe, carried on an effective security program for our overseas posts and our people. We do it on a small budget and with a limited number of personnel based in Washington in our inspector general's office.

Overseas, we share in the services of the State Department's Regional Security Offices, with whom our security personnel closely coordinate. It is, and has been, a generally effective and efficient system. I want to emphasize that our working relationship with the Department has been a good one and notably free of serious problems or differences. Indeed, neither the inspector general nor I can recall in our terms of office a problem in this relationship serious enough to require the personal intervention of either of us.

We wholly agree, however, with the Inman Panel that more must be done. We have worked in recent months with the Department to develop a proposed supplemental budget request that would, if approved, permit us to enhance to a reasonable degree our security posture overseas at all of our posts.

Finally, in response, Mr. Chairman, to the subcommittee's request for our views on the legislative proposal included in the Inman Panel report, I am happy to say we find it very responsive to the problems set forth in the report itself. It is very important to us that any new legislation in this area permits us to continue to maintain—integral to our Agency's organizational structure—a small security group under the Administrator's direction, immediately responsive to his instructions, while we work with the State Department to ensure that the security needs of our overseas people are adequately met.

And in answer to your concern about further fragmenting the effort, I want to emphasize that we fully support the strengthening and clarifications of the Secretary of State's primacy in establishing security policy and standards for the entire overseas American official community. This is called for in the Inman Panel draft, and we are working closely with them to ensure that it occurs.

Thank you.

[Statement of Mr. Morris follows:]

PREPARED STATEMENT OF JAY F. MORRIS, DEPUTY ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman and members of the Subcommittee, I am pleased to be able to present my Agency's views on the important subject of security of United States diplomatic personnel and facilities. A.I.D. currently maintains 75 overseas missions and offices staffed by more than 1,500 A.I.D. Foreign Service officers. Their safety and that of their families is a subject of intense and continuing interest to us.

The work of the Inman Panel as embodied in its final report has been of great help to us in understanding the security threat and the magnitude of the task of combating it. The report understandably gives primary attention to the needs of the Department of State, but it does include a number of references to A.I.D. and other agencies with overseas presence. Let me add a few comments on how we in A.I.D. see our security problem.

While the source or sources of the threat are the same for us all, we in A.I.D. are confronted more often than not with a set of conditions which vary from those which face the Embassy chancery or compound in a foreign capital.

The great majority of our overseas posts are not housed in the American Embassy chancery, which we agree represents the most visible target of the terrorist, the agitator, the demonstrator. More generally, the U.S.A.I.D. mission is located in an ordinary downtown commercial office building. In Nairobi, for example, we occupy several floors in an office building in the center of the downtown business district. The same arrangement exists in such locations as Cairo, Manila, Dakar, Senegal. Typically, in these types of situations other tenants and businesses occupy other portions of the buildings. In some instances, we occupy all or a major portion of a smaller building, usually in the downtown area of the city. Rabat, Morocco, is an example of this type of arrangement, where we share a downtown corner office building with a USIA library.

In those cases where we are located in the Embassy chancery, a minority of our posts, we share in the protection provided by the hardening of the chancery.

In the greater number of cases, those such as the examples I have cited, we are at once more vulnerable because we are more exposed and, at the same time perhaps, more protected by the fact that we are so often surrounded in our buildings by local businesses and professional offices. We cannot be sure of this, of course, and we are not complacent but, to date, we have not had a direct attack upon an A.I.D. mission comparable to some of those suffered by our embassies. We are also very much aware of the possibility, as pointed out by the Inman Panel, that as our Embassies become more protected, the A.I.D. mission can become a more inviting and softer target.

Our facilities, in contrast to the more normal pattern of Embassy ownership, are generally leased, and our presence in country is always for an indeterminate period. Finally, because we are wholly in the lesser developed countries of the world where frequently political instability, overcrowding, and poverty in principal cities can foster hazardous living conditions, we have a continuing high level of concern for the safety of our families in their homes and daily lives.

In these conditions, we have, we believe, carried on an effective security program for our overseas posts and our people. We do it on a small budget and with a limited number of people based in Washington assigned to our Inspector General's office. Overseas, we share in the services of the State Department's assigned regional security offices with whom our security group closely coordinate. It is and has been a system which has been generally effective and efficient. The working relationship with the Department has been a good one and notably free of serious problems or differences. Indeed, neither the Inspector General nor I can recall a problem in this relationship serious enough to require the personal intervention of either of us.

We wholly agree, however, with the Inman Panel that more must be done. We have worked in recent months with the Department to develop a proposed supplemental budget request that would, if approved, permit us to enhance to a reasonable degree our security posture overseas at all of our posts.

Finally, Mr. Chairman, in response to the Subcommittee's request for our views on the legislative proposal included in the Inman Panel report, I am able to say that we find it very responsive to the problems set forth in the report itself. It is very important to us that any new legislation in this area permit us to continue to maintain, integral to our Agency's organizational structure, a small security group under the Administrator's direction, immediately responsive to his instructions, and to work with the State Department to ensure that the security needs of our overseas people are adequately met. We fully support the strengthening and clarifications of the Secretary of State's primacy in establishing security policy and standards for the entire overseas American official community as called for in the Inman Panel draft.

This concludes my statement, Mr. Chairman.

Mr. MICA. The primacy of the Secretary of State, a good term there.

Let me ask you, as I understand, Mr. Spiers, you or the Secretary or your Department wrote this document entitled "Statement of Principles, Relationship of DSSD, USIA/AID," correct?

Mr. SPIERS. Yes, Mr. Lamb wrote it.

Mr. MICA. Mr. Kingman, do you have a copy of it? Mr. Morris? You have each read a copy of it?

Mr. SPIERS. Yes.

Mr. KINGMAN. Yes, indeed.

Mr. MORRIS. Yes.

Mr. MICA. Do either of you have any problem with anything in this, speaking for your departments, obviously?

Mr. KINGMAN. Well, let me say that as indicated in my remarks, the actual final language of that statement should compare with the final language of the legislation. And if there are any little changes in the legislation, I think they might be reflected in the statement of principles, and we have been talking with the Department about some small changes to that effect and I think we are pretty close.

Mr. MICA. Are you saying, Mr. Kingman, that you had some differences with this and you went to OMB to get those differences——

Mr. KINGMAN. Not to OMB on that statement. I have been talking with Bob Lamb. We got together on October 23 and discussed it.

Mr. MICA. And you have agreed on the differences?

Mr. KINGMAN. No, but I just talked to him and said that I think we are close and that we ought to meet in the next couple of days and wrap it up.

Mr. MICA. So, there are differences that are holding this up.

Mr. KINGMAN. That is right.

Mr. MICA. What are they?

Mr. KINGMAN. Just some small, I think, matters of language as to exactly how we——

Mr. MICA. What is the thrust of——

Mr. **Kingman** [continuing]. Carry out what Secretary Shultz mentioned to Director Wick in his letter about the role of USIA in assisting the Department, as I say, assisting the Department in the role of assuring our security overseas.

Mr. **Mica**. For the record, could you be specific so that we can try to help?

Mr. **Kingman**. Well, as I say, we have some language that we would like to discuss with the Department in the next couple of days, they are willing to talk about it.

Mr. **Mica**. What is the thrust of the difference? What is the——

Mr. **Kingman**. We do not think that the——

Mr. **Mica**. You do not think your turf is covered correctly, or you do not think there is——

Mr. **Kingman**. I do not think it really mentions there what we are to do in certain cases about these areas of logistic support, helping in the inspections and whether there is some kind of, as we have had in the past, some kind of specific amounts of funding that we can count on.

Mr. **Mica**. Are you looking for absolute levels?

Mr. **Kingman**. Some specified amounts that we are told about at the beginning of the year.

Mr. **Mica**. I will not try to pin that down right now, but it seems to me that is more than just some minor language differences. If you want specific dollar figures or percentages put in this, we may have a major problem on our hands.

Mr. **Kingman**. Well, I think let us sit down and talk that out as quickly as possible, Mr. Chairman.

Mr. **Mica**. That is why we are here today.

What kind of figures are you looking for? A ratio of what State has versus USIA versus AID?

Mr. **Kingman**. Well, as I mentioned in my testimony, what we have had in the past has worked quite well.

Mr. **Mica**. Well, now, we are changing the system from what we had in the past and we certainly want to make sure that there is an avenue for very appropriate direct redress if there is any unfairness, any inequity. We do not want somebody, as I have seen here in the Congress, in order to comply with a requirement that you advise the Congress, send us a letter and tell us what they have already done. We want to protect the interests of the Agency that you represent.

By the same token, I am not sure if you are looking for a specific dollar amount in a statement of principles, that we will ever get there.

Let me ask you this. Do you feel you have sufficient redress, a route to go back and discuss problems as well as input under this statement of principles?

Mr. **Kingman**. Well, as you say, we are going on a new system. And I think assurances under a new system must be evident in order that we are not going into a system which is untried and may not work. So, we want some assurances and I think that what was indicated in the Secretary of State's letter to Mr. Wick was that we would work closely together and making sure that adequate funding would be supplied, and what we would like to do is work closely with the Department for some language that does give those assurances. And as I say, the specific amounts that have been indicated in the past seem to be a good way of doing it.

Mr. Mica. Mr. Kingman, let me tell you this, and I will try to put a clock on my own questions and rotate a little bit. I asked if there are any disagreements and the answer is, well, there is nothing, we all agree, with a few minor wording changes.

By gosh, we are here to try to be helpful. This has been a friendly committee to both the State Department, USIA and the AID program. We have been a friendly committee. I do not like it when I hear we have got a minor word difference, and then I have to pry and pry and pry and find out we have a lot more than just a little word difference or a phrase difference.

If you are asking for specific dollar figures in here, we could be sitting here until next year on this.

So, from this point forward——

Mr. Kingman. Well, I don't think, Mr. Chairman, that we want to spend that much time arguing this point.

Mr. Mica. I don't want to argue it either. I am just telling you right now if we have to ask every single question, we are going to be here in oversight hearings day and night for the balance of this year trying to find out what the problems are. I would like to be upfront with you; you be upfront with this committee, and we will get to the heart of it, find out if there is a dollar——

Mr. Kingman. I have given you directly my answer, Mr. Chairman.

Mr. Mica. Well, I will not have the testimony reread here of what just happened a few minutes ago, maybe I misinterpreted it and we can leave it at that. But I asked if everybody had read this and if there was any disagreement. The answer was no, just a minor word or two.

Mr. Kingman. I beg your pardon, Mr. Chairman, I did say there was a difference of opinion.

Mr. Mica. Well, I will not pursue it at this time except to say my immediate inclination was that we are just going to change a few words and cross a few t's and dot a few i's, and what I hear now upon further questioning is that that is not it at all, that we may have some major problems here. And we want to solve them. We want to move forward with this.

I have been around the Hill now for 20 years, I know what turf battles are. I know what happens behind the scenes. We want to move on and we want to get this job done. You have a committed committee here to do the job and to be helpful. But, boy, I tell you it is frustrating. I would say, Mr. Spiers, I hope we can accept your interpretation that the President outright supports the Inman recommendation. And it comes back to what I said about being direct. He says he is going to take whatever steps are necessary, that the intentions of the administration are to take the additional steps that are necessary to protect our diplomatic installations. Maybe I am being too direct, but it does not say here that we will go ahead and support the Inman recommendation, we will go ahead and support a rebuilding program, we will go ahead and support what needs to be done in those recommendations. We have not had that. We did have it from Secretary Shultz. We have had it from our members and our colleagues and, in fact, that is the strange thing about it.

It has been very direct. When that was submitted to this committee, every member, Democrat and Republican, came forward and directly said they would support it. All they wanted was a commitment from the President, and we have received language that is not direct, and it leaves room for multiple interpretations, not to mention the interpretation that before we get the package, we have to show some support for some other program. I understand you disagree with that interpretation, but, nonetheless, that is the way some could interpret it.

We are just saying we want to move forward here.

Now, let me just ask you another question, and then I will stop. I should have stopped a moment ago. In fact, I will, I will let my colleagues, continue and I will be back. I want to get a dollar figure from you later. Ms. Snowe.

Ms. SNOWE. Thank you, Mr. Chairman.

Mr. Spiers, how would you suggest the committee proceed on the legislative package? As I understand it, OMB has not given approval to the State Department's submission on the dollar amounts that are required over the next few years to implement the Panel's recommendations.

So, what would you suggest? How long should we wait to hear from the President as to whether or not he will support this package? And should we begin the process, because I hear from you there is still no definitive timeframe by which we should proceed on this legislation? Frankly, I do not want to postpone it until next year because another year could mean another 2 years. And it is going to take several years just to implement the construction phase for the Embassies and other facilities that need to be rebuilt and renovated.

Mr. SPIERS. Obviously, I cannot instruct the committee on this. All I can do perhaps is to make some remarks which may be helpful to you in making up your mind.

When I indicate my belief in the President's support for the Inman Panel recommendations, I am certainly not in a position to say that the President of the United States explicitly endorses the package that the State Department has submitted to OMB on this.

On the other hand, I have no reason to believe that he or OMB does not.

I think that this is a matter of another factor which I tried to allude to earlier and which the Secretary of State spoke to me about this morning. And that is, until we see clearly the way through this budget ceiling problem, it is unlikely that this package is going to be sent up here.

Now, I do not know what the outlook is on that or how long he would wait. He might change his mind in a week. So that I cannot really tell you. I cannot really give you a good answer on that.

Ms. SNOWE. I see. So, I gather then that the President is operating, or somebody in the administration is operating under the assumption of the Gramm-Rudman proposal that has not even passed the Congress. Are we basing this proposal under those guidelines?

Mr. SPIERS. No, I do not think that that is the assumption. I think that what I meant to say is that until that is clarified, there is not a desire at the moment to go up with a big supplemental of this character. We are talking about over $5 billion.

Ms. SNOWE. I understand that would be over a several year period.

Mr. SPIERS. Yes, so—we are over a 5- or 6-year period.

Ms. SNOWE. But the Secretary testified before this committee 4 months ago expressing his full support for the Inman Panel recommendations and the urgent need for this legislative package. So, I guess I am concerned about who is determining policy on this issue, OMB or Secretary Shultz? Has President Reagan been informed of this package?

Mr. SPIERS. There is no question about the Secretary of State's support for this package. We have just not gotten executive branch clearance for submission yet. And as I have told you, the best indication I have is that the reason for that has to be related to the budget ceiling program rather than any fundamental questions of either the size, the direction or the principles incorporated in the package.

Ms. SNOWE. Well, frankly, it does not give any answers to the larger issue.

Mr. SPIERS. Yes, well, I——

Ms. SNOWE. It is almost difficult to go on. It leaves us in a very difficult position as I am sure the Secretary knows and I am sure the President would know, if we cannot get any definitive support. I would expect that OMB is not going to give an answer to this package, or at least if it does, it will be the answer we can all expect.

If we are operating under that presumption, which I guess we are, that Gramm-Rudman is in effect and, therefore, we cannot expect to spend this kind of money over the next 4 or 5 years, then we are talking about putting people's lives at risk.

Mr. SPIERS. No, that is not the way I read it at all. As a matter of fact, OMB has been quite supportive of this package.

What I mean is until the executive branch sees the totality of the situation that it has got to deal with respect to budget ceilings, it is not a question of not going ahead with the package like this, but depending on how the situation evolves, you may have to come in with where are you going to take the money from to get it.

So that there are interrelationships here which, you know, I have a hard time totally understanding because I am not part of the budget process.

Ms. SNOWE. Well, we are talking about next year then, Mr. Spiers, because——

Mr. SPIERS. I certainly hope not.

Ms. SNOWE. Well, I would expect that to be the case. Given my understanding of the timetable in Congress, we will be considering these issues sometime in December, so then when can we consider this package?

Mr. SPIERS. It may be that this hearing will be helpful in averting that kind of delay.

Ms. SNOWE. I would hope that would be the case——

Mr. SPIERS. I join you.

Ms. SNOWE [continuing]. Because it has been months now since the Inman Panel recommendations were released, and we have had several hearings on this issue and related issues. I just think it is unfortunate that we have delayed it this long, because it is going to be a long enough process in any respect given the enormity and the magnitude of the problem that we are all confronting.

I guess I would like to ask you some follow-up questions on the statement of principles. How did you intend for the statement of principles to work in relationship to USIA and AID in terms of security?

Mr. SPIERS. I really should ask Bob Lamb to address this. The statement of principles was something that I looked at when he showed it to me as part of a process of trying to get a common understanding among the three agencies.

Now, let me speak very frankly about this because sometimes I think that we are in agreement, and then other times I think maybe we are not. But let me tell you the way I think the Secretary of State views this. And that is we are talking about a national program that will cover all of our facilities overseas that are under the authority of an American Chief of Mission. The Secretary of State does not want fragmentation. He does not want four or five or three separate budgets here.

Now, we recognize that there are differing criteria, differing interests. What we have proposed is a procedure. We now have operating an overseas security policy advisory committee on which the directors of security of nine foreign affairs agencies are represented. That committee would be the policy-setting body. And everybody would have an opportunity.

We recognize there are going to be different criteria for VOA, for libraries than there are going to be for Embassies, and we are not trying to make a procrustean bed here where everybody has to fit into it.

We also expect that the policy priorities group, which is a State Department organization, which I chair, which determines what is more important than what would be joined by representatives of USIA and AID so that there is a collective understanding of what the priorities are.

Now, these may not always work out. I mean under the best of circumstances, we are going to have restricted resources. I think that there is a natural suspicion on the part of other agencies maybe that the State Department is going to be looking after its own interests and not theirs. I reject that in toto. But there are certain facts. The communication center of an Embassy may be the most important thing to protect and, therefore, more resources will have to go in. I cannot give you dollar figures on what we are proposing. I am sure Mr. Lamb can for the $5.2 million that we have been proposing, or talking about, how much of that is going to go to various agencies.

But what we are talking about is a process in which the interests of the other agencies can be factored in at an early time. But at the last analysis, we are going to have one overseas security program and the Secretary of State is going to have to be the ultimate authority for the determination and the implementation of that program.

Now, if there are differences about that, I do not know; we will have to talk them out. I cannot speak specifically to this statement of principles because it has probably been even 3 weeks since I have looked at it. But if you would like, I can ask Mr. Lamb to elaborate on this and be more responsive.

Ms. SNOWE. Yes, please.

Mr. MICA. Mr. Lamb, would you like to make a comment? Please identify yourself for the record.

Mr. LAMB. Robert Lamb, Director of the Bureau of Diplomatic Security.

I think Mr. Spiers has covered it very well. One of the natural consequences of the pressure that we have gotten from Congress and this committee and the Inman Panel to clarify responsibilities was the embodiment in this legislation of the—both legislations—of fixed responsibilities in the Secretary of State and the ambassador in the field for the security programs in the field. That it was our desire that this not be something done in an indoctrinary way. We feel that USIA and AID and the other agencies out there that are attached to our Embassies have, in many cases, special programs, special responsibilities and we need to make this a participative process. Participative in the policy development, and we do that through the OSPG, participative in the resource allocation and we do that at our level in the department through the PPG.

And the statement of principles was developed basically as an effort to show in a general way the kind of participation that we envision.

Ms. SNOWE. How do you ensure that USIA and AID get adequate resources under this process? Will funds be earmarked in any way on an ad hoc basis to ensure they get adequate funds?

Mr. LAMB. Some would and some would not, and that depends very much on the nature of the program. For example, we have refused to earmark funds for the residential security program, because we have felt that this should be one residental security program for all the agencies at post. We have funded for a program that really is a Governmentwide program. Only 25 percent of the people in our Embassies are State Department employees. So, we have funded for the other 72 percent as well.

We feel if we start to earmark funds for residential security for the different agencies, we end up with a fragmentation and pots of money and uneven security at the posts.

The same is true generally for the local guard program although we think both at some VOA sites and some AID locations there probably ought to be a separate local guard program.

On the other hand, for the radio program, for armored cars, we have continued to earmark funds for the specific agencies concerned.

Ms. SNOWE. Thank you.

Thank you, Mr. Chairman.

Mr. MICA. Do not leave.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

I have been sitting here for the last hour with my eyes closed just listening. And I do not think anything has changed. Everybody has the same lofty goals, everybody has got the same desire to move ahead. But I have not really heard anything that has made me believe that we have in fact moved ahead to a large degree. Let me do it in a specific way so I do not draw broad overgeneralizations.

Mr. Kingman, when I was in London, the regional security officer walked me around the first floor level of our Embassy in London. It was built a number of years ago before the guard for the kinds of problems we have now within the forefront and especially, of course, in a country like England that had no history to any degree.

And one, approximately one-quarter to one-third of the first floor is a big open USIA space, which is a library, and behind it is this big display area where USIA invites manufacturers to come in and display wares and we do it in a lot of different countries. They told me that they have been asking for 6 months or more, together with your people, to get out of the Embassy because it is an almost impossible job to secure that area. It is transited by hundreds of people right in the Embassy, right in the guts of the Embassy to a large degree, too small anyway, they really need a bigger building. Nothing has happened.

Now, I am curious since the Inman report is at least 6 months old, approximately, this has been a request made by USIA people and by our own Embassy. Clear out the Embassy, get USIA what they want, a bigger building, provide better coverage for the Embassy. They also gave me a specific example of a place where some equipment manufacturer that was showing his wares and his ovens or something were loaded with bombs in some other country. You know, it is hard to check when they are bringing them in and the place is wide open right in the Embassy on the first floor center.

Why does it take 6 months for something like that? And as of right now, as far as I know, there has been no resolution either. This is another 2½ months, so it is now 8½ months. Why does it take 8½ months to make a decision about where to put them, whether or not there is money available, whether or not the security of the Embassy is compromised by having the USIA situation there? In other countries, we have USIA, we have separate buildings on the grounds or separate buildings off the grounds. I am just curious as to why there is, with all the dedication, all the concern, all the lip service, still no ability to translate direct requests into direct action.

We appropriated supplementally $350 million within the last year, year and a half, which would have, I think, an impact on this particular kind of problem.

Can you give me a reason why it should take that kind of time? Apparently it wasn't from a lack of a building as an alternative site. That is not it. I asked that question. Can't move anywhere, it is hard to move. That was not the problem.

Mr. Kingman. Well, Mr. Smith, I am going to ask some of my colleagues to give their opinions too. Let me just say briefly that I share your frustration on the length of time it takes to get things done which we are asking to be done, and only point out to you that it is a big world we are dealing with, and you would be astounded at the huge number of facilities in hundreds of locations around the world that need and at a much higher priority than London does, much better security. All things are relevant.

Mr. Smith. I am not astounded at all.

Mr. **Kingman**. All things are relevant——

Mr. **Smith**. Don't get me——

Mr. **Kingman**. All things are relevant, and there are certain priorities that have to be addressed immediately because they are matters of life and death, and there are other places that simply are not going to be done overnight compared to other places. All things are relevant. But I share your frustration in getting things done as fast as we would like to have it done.

Now, we work directly with the State Department in working these things out, and I am sure my colleagues would like to have their views heard.

Mr. **Smith**. Before Mr. Spiers answers, let me tell you I understand the prioritizing. It is the same kind of prioritizing that has always gone on. I thought the Inman Panel report to some degree was going to be a spur to make the prioritizing not change, but the process speed up considerably. So, while you prioritize it and one might not happen, it still would not take 8½ months the way it used to to have something happen.

I mean, I suppose maybe I am just asking for too much where you have to bring new personnel on, make big decisions faster, change the whole way, the methodology of the way things used to happen. I just thought the Inman report was a spur to prioritize, like yours did, but get it done a heck of a lot faster.

Mr. **Kingman**. You mean you thought the Inman report was already in implementation or——

Mr. **Smith**. I thought everybody could realize that it could not be business as usual, and that you had to do things faster. I know there is a prioritization, obviously. The Embassy in Beirut, for instance, would be higher priority, assuming it was still standing, than would be the one in England.

The point is that it does not seem to me that the report has been a spur to make all that much difference. You are still falling back on the same generalizations. Well, you know, we have priorities, which is legitimate; I understand that. The difference is there has not been a speed up of the process.

Mr. Spiers.

Mr. **Spiers**. Obviously I am not familiar with all of the details at the London——

Mr. **Smith**. And I don't—right.

Mr. **Spiers** [continuing]. And the London anecdote you cite. Under any conceivable set of circumstances, we are going to have to make choices. If my recollection is correct, even the building program that we propose under the Inman Panel, we are not doing anything substantial about the Embassy in London.

I have served 6 years myself in that building. I think that we have done what we more or less can in security terms without taking it off Grosvenor Square. All those windows are mylar coated. We have magnetometers. There is careful survey of people going in and out. I agree with you on the space problem. They could use more space. But I would be hard put to say that that is even in the 70 percentile of importance.

Now, where you have a totally valid point and which is the cause of constant frustration for us is something that I alluded to earlier in my response to you, and that is that even if the answer is no, we have got to get it there faster. And that is simply a matter of internal organization and getting the right people, and I do not want to be polly-annaish about this, but I really——

Mr. SMITH. It is hard to be that way now.

Mr. SPIERS. I really—no, I think that we have made major steps in improving the responsiveness in these things. We have got their requests in our computers now, we have a weekly readout so that we can see what is still under consideration, what has been funded, what has been denied. That process is going to be expanded.

One of the things that we are asking for funds for in the Inman Panel request in the nonconstruction side of it are funds to improve this process. And it is just a matter of constant communications and discussing with each other. But let me tell you, this is a problem we are well aware of and I think that we have made massive efforts and with some success in dealing with that.

Mr. SMITH. Let me get to another problem. From the travels that I made, I also found that a lot of the regional security officers and the area security officers that work out of Frankfurt are frustrated in that there is constantly no major decision available to them whether upgrade security items are going to be in-country, in the domestic, or they are going to be American made product. There is this constant decisionmaking process that has to take place. In Rome, should we buy stuff here or should we buy stuff in the United States? In London, should we buy it here, should we buy it in the United States?

The kind of process you have to go through, well, let us look at it; is it good, is it not so good, would American stuff be better. What about the service department? How much service are we going to get? I mean there has been no decision made yet either on an overall basis that we are either going to go with in-country or we are going to go with American goods.

And if we are going to go with American goods, do we have the backup? Do we have the service personnel?

The RSO indicated to me that their service, frankly, is very poor. When equipment begins to falter or fail, people have to wait weeks at a time to get it replaced.

In France, the Delta did not work. They had to hand crank it, you know, and they were lucky they could hand crank it up. Sometimes they could not even get it up out of the ground.

Are we making those decisions now? Now, those—that has nothing to do with prioritizing. I mean this is a basic decision. If you are going to upgrade Embassies, if you are going to use the money we gave you for the things that it is supposed to be used for, and I think you are, and you are as concerned about their safety as I am, and probably more so having served there, and I am concerned to the fullest extent, and I imagine you are even—as far as you can see, you can be even more than that, I am sure you are. And there are good people out there trying to work. What are we doing about things like that?

They are complaining about the rigidity of the system. There is hardly any flexibility. They have to wait for months to get a decision. Once the decision is made we are going to put in X, Y or Z, and then the next question is whose is it going to be, the French one, or the British one, or the German one, or the American one.

Can the American manufacturers get the equipment? Can they do the job? Can they send the service people over to work in Western Europe, or in Africa, et cetera?

Has there been any decision made about that yet? That is a gut issue.

Mr. SPIERS. Yes, it is a gut issue, and let me ask Bob Lamb to talk about that. But I think we have developed some ground rules that constitute guidance on that.

Mr. SMITH. I will tell you that people out there are using creative——

Mr. SPIERS. I'm sure, I have been one of them.

Mr. SMITH. Well, as they can, and I have a great respect for the people that I was with at every one of those Embassies, the RSO's, the emergency action groups, they all pitched in and they are doing a—for instance, we went to the Embassy in Norway, and they cannot secure the grounds, very hard, big grounds and fences. So, they decided they would buy these gigantic boulders. The Norwegians and Danes are all fanatics about landscape——

Mr. SPIERS. And Stockholm.

Mr. SMITH. Stockholm. They are all fanatics about landscape.

Mr. SPIERS. Right.

Mr. SMITH. So, they got native rock and put up these boulders everywhere which for the people around enhanced the property. At the same time, although it did not prevent individual infiltration, it prevented to some degree vehicles and other large machinery from being driven, which it could have been, right up to the front door and blowing the place right open.

Mr. SPIERS. We have publicized that as an example of creative——

Mr. SMITH. A great idea of creative ingenuity for a small price. They know it is only a stop gap. But the point is they are doing what they cannot do on a tentative basis because they cannot get any quick decisions.

Mr. SPIERS. I would like to say one thing about this which may not be directly on your point, but it is something that I keep having to make myself bear in mind. And that is, we are on the leading edge of a new industry here. As a matter of fact, I think Bob Lamb says that it is really the State Department's requirements that have created the ballistic door. We have had all kinds of frustrations.

My last post was in Islamabad. We got ballistic doors in and they arrived in a condition from the U.S. manufacturer where we could not unlock them. It took us 4 weeks to get a manufacturer's rep.

We are going to continue to encounter those kind of things, and it is going to be a bug-filled proposition. And all we can do is continue to work on it and get the right people, and we will gain experience. I think that we already are doing it. I am sure that the bug factor now is a lot less than it was a year ago, although it is more than it is going to be a year from now.

But, Bob, you may want to say something about this, the foreign versus the American acquisition issue.

Mr. LAMB. In the early days of the program, we had a lot of problems. We gave preference to American equipment. In fact, we said it would be American equipment.

Mr. SMITH. And I am all for buying American too, but when lives are at stake, that has to be something that you can debate.

Mr. LAMB. Yes, sir. But we favored Americans the same way you do, and also we were sure of the standards. We had tested American equipment first and only wanted to put the stuff out that we were sure met our standards. But that got to be a real bottleneck for us.

The American industry could not produce the things we needed fast enough. When we got it out, as Mr. Spiers was saying, we had all sorts of maintenance problems with it, your experience with the Delta barrier. And, so, we started to relax that and folks were coming in saying, look, we can get equipment here faster than you guys can ship it out to us. So, to get these security enhancement projects moving, which have really been languishing for a long time, we started to relax the standards on saying it has to be American.

On the other hand, this is something we do not do for every post, for every equipment. We look at each individual item, and I am sorry if that has created some confusion out there because I think it is one that we have to really exercise some judgement on.

Mr. SMITH. Well, I would suggest that you need to probably speed up the process a little bit more.

Mr. LAMB. Yes.

Mr. SMITH. For instance, those big ballistic windows that arrived in Rome from the United States were cracked.

Mr. LAMB. Yes.

Mr. SMITH. So, we probably could have got a good approved product, probably some what of a competitive price, but it did not mean—it was meaningless because when it showed up it wasn't——

Mr. SPIERS. Some of the countries where we have Embassies cannot even make plate glass.

Mr. SMITH. Oh, I understand. I am not saying that everyplace you are going to be able to use in-country product. In Africa, obviously, you are not going to find ballistic, you know, 6- by 8-foot doors. They just do not have the capability to make them.

We have to be able to make those decisions rapidly, very rapidly, because there are so many places that need so much work immediately.

Thank you, Mr. Chairman.

Mr. MICA. Thank you, and let me proceed on this basis. Because of my own time constraints, we will go one more round of questioning of five minutes each, and that applies to me too.

First and foremost, I think we have almost come full circle here. We are talking about how to speed up getting products and items to Embassies because there is a critical need and there are lives in danger. And, second, at the same time we are saying we are waiting on this package because we are waiting for the budget to be balanced. And let me tell you, fellows, and you know this, I came here 8 years ago. The first bill I ever introduced in Congress was to balance the budget. And I was telling my predecessor, who came here 32 years ago, about it and one of his first bills was to balance the budget.

And if we are going to wait for the budget to be balanced to even submit a package, I might as well give up right now because we will not be here when that takes place. We have to get some action right now on this. It is a crisis.

We have from the Inman report a list, a classified list of posts, high-risk posts, they are out there right now. Should we tell the people there, well, we will bring you home until we balance the budget because we are not ready to make the commitment to give you a little protection?

All of the supplementals are just talking about temporary assistance. Some of what Mr. Smith was talking about, I had a chance to see and, boy, everyone of these people ought to get a medal for creativity in what they have been doing with the funds they have. But we are sitting back here, and I fear you are absolutely correct, that is the point I was getting at earlier on. I think we are getting a lot of inaction because of a lot of other reasons, but it all boils down to a decision, a decision that has been made either because of the budget, or politics, or priorities, that we are not going to do anything on the Inman report or on fighting terrorism, that is, where it counts—with money—until other problems are solved. Therefore, it is not an important problem and that classified list of high-risk posts with personnel living out there will just have to wait, sit there classified, and hope that nothing happens. We are sitting on a keg of dynamite.

So, I hope we do not wait that long. It is not your fault in that specific area. Boy, if there is any message you say that we can get out of this hearing it is that we are going to start being tougher and harder and louder and hold press conferences and start pointing fingers, and when that next bomb goes off, and I hope no one is killed, and those cameras fill this room, and that happened to us a couple times earlier, and they want to know what has happened, there is a record here that we have been asking and we have been pleading for some attention to get it up here.

The latest rumor I have is that it is going to be rolled into some supplemental or some bill next year to come up for funding the following year, which means that list of critical posts gets longer, and the actions delayed another year, year and a half. And I hope——

Mr. SPIERS. I have every reason to believe that would be unacceptable to the Secretary of State.

Mr. MICA. Let me ask a couple other questions here.

With regard to this proposed list of agreements that you drew up, what is the title of it? I can't find it here.

You drew it up, Mr. Lamb, as I understand it, to try to assure each of those involved that they would have redress.

Mr. LAMB. Yes, sir.

Mr. MICA. That they would have a fair shot.

Mr. LAMB. Yes, sir.

Mr. MICA. And I think you said, if not, I think we can say it for the record here, there is an outright agreement that the State Department has not been as helpful as it could be, at least in the eyes of the agencies we have dealt with in the past, and we want to correct that. We want to have sufficient funding, sufficient participation, putting them on the PPG group, giving them some real input.

And let me ask, is that real input? Will there be voting power there?

Mr. **Lamb**. Yes, sir.

Mr. **Mica**. And the redress? We are all working on this agreement now. You and your agency have read it. Do you have any disagreements with it?

Mr. **Morris**. Yes.

Mr. **Mica**. Thank you.

Mr. **Morris**. It comes down to money and people, but that——

Mr. **Mica**. Is that all?

Mr. **Morris**. That is all. They are not minor; but, we view the statement as a very salutary step toward reconciling some of these differences. Mr. Spiers and I had a meeting yesterday with our inspector general for almost an hour, I think that the remaining differences will be resolved in the near future. But, as of this moment, they are not resolved, although we are engaged in a process that we think will resolve them shortly. I do not think that is a problem with the legislation, however. I think, as Mr. Spiers said, that budgetary problems are a more immediate difficulty.

Mr. **Mica**. My time is up. Let me ask you to do this. Let me tell you in the strongest terms to work together to get this worked out. If you come upon a roadblock that this committee can help with, we will do anything we can. But if I find out that anybody behind the scenes is trying to scuttle any of this over a turf battle, we are going to raise the roof here. We want to get this moving forward. I do think Mr. Lamb has been trying to put forth a statement that we can all work with. We want to see you work together. That is what this hearing is about here, to identify a solution not to have everybody say, oh, we have a statement of principles that looks good, and then we cannot figure out for the life of us why it is buried somewhere because agencies are fighting over turf, and that is what it boils down to. Work together, let us know and we will be helpful.

Ms. Snowe.

Ms. **Snowe**. Thank you, Mr. Chairman.

What we are saying here today with respect to the statement of principles is that although we agree on one bureau in charge of security functions rather than having three distinct and separate agencies performing those functions, I would hope that all the agencies and departments would have equal access to those resources. It is important for all to be on an even playing field so that USIA or AID or the State Department is not shortchanged in the process. I gather there have been some problems in the past with USIA and AID gaining full access to those resources through the State Department. So, I would hope that it can be worked out together and I reiterate what the chairman has said, because this is the only direction we should take with respect to these security functions.

I just have a couple questions of Mr. Spiers with respect to the Ambassador-at-Large for Counterterrorism Policy. Can you tell me if the Secretary has submitted names to the White House at this point for that position?

Mr. **Spiers**. No, we have not, to my knowledge, because I discussed this with him I think last Thursday. He has not decided yet on who his nominee will be.

Ms. **Snowe**. And exactly what will be the responsibilities of the Ambassador at Large?

Mr. **Spiers**. The Ambassador at Large will perform the functions that were envisaged under the Inman Panel. He will have a small staff, he will be responsible for the diplomatic elements of counterterrorism. That is, dealing with other governments to develop cooperative programs to try to get a common front on terrorism.

He will have some responsibilities with respect to the antiterrorism assistance program, because it will be up to him to lay down general policies and priorities for those programs. But the programs themselves will be administered and operational responsibility will reside with Mr. Lamb. I think that that is a perfectly feasible and doable division of authority.

The Ambassador at Large will continue to be chairman of the interdepartmental terrorism working group unless there is a fundamental change made in the way the Government is organized pursuant to Admiral Holloway's current study of this.

It will essentially be the responsibilities of the present M/MCT minus operational responsibilities. The Embassy emergency planning function will be transferred to Mr. Lamb's bureau. Personnel dealing with the conduct of the ATA program will be transferred to Mr. Lamb's bureau. So that it's a division between pure policy and operations.

Ms. **Snowe**. Thank you.

Mr. Morris and Mr. Kingman, I would just like to ask, do you have problems with the State Department's request that was submitted to OMB with respect to AID and USIA in terms of implementing the Inman Panel's recommendation?

Mr. **Kingman**. You are speaking about their request for legislation?

Ms. **Snowe**. That is right, and also for financing, for funds for personnel and reconstruction of facilities.

Mr. **Kingman**. We are I think very close, but we are not 100 percent. We have not really met on it more than once. We had one meeting, and I think one more meeting could get us an agreement.

Ms. **Snowe**. You have problems with the statement of principles; you also have problems with the——

Mr. **Kingman**. They are the same.

Ms. **Snowe**. They are one and the same.

Mr. **Kingman**. Right.

Ms. **Snowe**. I guess I did not know that they were one and the same.

Mr. **Kingman**. Well, the same language that we want to see incorporated would be in both, in our opinion.

Ms. **Snowe**. In the statement of principles?

Mr. **Kingman**. In both.

Ms. **Snowe**. In both.

Mr. **Kingman**. They should be in the legislation also.

It merely reflects what I think has already been in correspondence between the Secretary of State and the Director of USIA, so I do not see any big problem.

Ms. **Snowe**. Well, then, if it was not a big problem, why has it not been settled?

Mr. **Kingman**. Well, I am urging that we have a meeting fast.

Ms. **Snowe**. You have had a number of meetings and——

Mr. **Kingman**. No, it has only been one on this point, Mrs. Snowe.

Ms. **Snowe**. I guess maybe I am not understanding.

Mr. **Spiers**. Let me see if I can help——

Ms. **Snowe**. Please.

Mr. **Spiers** [continuing]. Because I have been befuddled by it too, because I thought that everything had been worked out. Mr. Morris and I had a meeting yesterday in which I think we identified the differences. Unfortunately, I do not know whether for me or Mr. Morris the differences in the issues are ones in which I know my boss, the Secretary of State, has a strong view. I think probably he is going to have to meet on this issue.

We will try to work it out, but I am, frankly, very skeptical where there are differences of principles that you can work those out by covering language. You know, you end up with a communique of some kind. So that, you know, it was really yesterday that this became clear to me, and I think ultimately the Secretary of State will resolve it.

Ms. **Snowe**. I guess it was my understanding that everything had been resolved.

Mr. **Spiers**. It was my understanding, as well.

Mr. **Kingman**. It was my understanding, as well.

Mr. **Smith**. Do not look at me. I knew you were——

[Laughter.]

Ms. **Snowe**. I am done. Thank you.

Mr. **Mica**. Mr. Smith.

Mr. **Smith**. Thank you, Mr. Chairman.

The thing that I think is of interest to all of us, I understand that you have not got any new money, but there was a significant amount of money appropriated in the last year or so on a supplemental basis. How many people have you hired or transferred from other jobs to facilitate the implementation even without the legislation of the Inman report and what you were attempting to do based upon the number of impacts that we have sustained over the last few years? I am curious as to how many people you are putting on line to help you do this job in the State Department.

Mr. **Spiers**. Well, let me get specific numbers. We certainly have, we put a lot of effort into recruiting particularly people in the security area, security engineers. We proceeded with the building program for 13 Embassies, mostly in the Middle East. But specific numbers, I will have to defer to——

Mr. **Smith**. Not the Cairo Embassy, I am sure.

Mr. **Spiers**. The Cairo Embassy is another story which we can get into if you have——

Mr. **Smith**. In the future if 17 stories were to collapse, if anybody would do anything with that.

Mr. **Lamb**. Sir, I do not know the exact numbers, but we have brought in, we have put a priority on hiring security offers and we have had every slot that could be made available to us at the Glencoe Training Center filled for the last year. And our projections are to have that same rate continue. Within the department, we have reprogrammed positions in anticipation of the Inman supplemental so that we can continue that training pipeline. We have just been allocated 48 additional positions for security officers which will be hired for the March class, which is now going to——

Mr. **Smith**. Let us also talk about backup personnel here in the United States which are the ones who are going to do the day-to-day paperwork. Requests come in, match-ups have to be made, equipment has to be bought, the decisions have to be made where to buy, what equipment to buy. How many people have you put online to do that? That is where the problem I think is going to be.

Mr. **Spiers**. No, that is part of it.

Mr. **Smith**. An enormous part.

Mr. **Spiers**. These—you know, people are kind of fungible. They are going to be part of a foreign service system, they are going to be abroad and at home. And so that we are not hiring people just for overseas service.

There is also an expansion of our procurement executive which Bob might be able to talk about, which gets specifically to the point that you are raising. Because the Department of State has never been a big purchaser of things. This is one of our problems with AID. They tell us we do not know how to do it. And this is one area where we are really expanding our capability.

Mr. **Smith**. Do not feel too bad. We have seen some of their programs. They are not so great at procurement either.

Mr. **Morris**. Everything is relative.

Mr. **Spiers**. Bob.

Mr. **Lamb**. Well, you are absolutely right. We have not done as well in that area. We have not brought in enough administrative people, and it is not only costing us in terms of those programs, but it is costing on the security side because I am having to take security officers to perform these administrative tasks——

Mr. **Smith**. You have got lag time; you have got enormous lag time. What are you doing about that?

Mr. **Lamb**. We are trying to hire. We are trying to find these people and bring them on board.

Mr. **Spiers**. With some success, because I have been—our recruiting people have told me that they are getting excellent response. They are filling all of the classes.

Mr. **Smith**. There are a lot of people out there looking for jobs, and good people too, you know.

Mr. **Spiers**. No, and we are getting good people apparently. And there is a new challenge in the security area. I think you can say sometimes they go, the kind of person you got in the security area was maybe more concerned with background investigations, and now we are looking really for top flight people with technical capabilities and in a field that has got a lot of challenge and an awful lot of importance to the United States. And I think that is now showing up in the quality of people that we are getting in.

Mr. **Smith**. Well, I am trying to be specific because I think this is the area where we are going to need the greatest amount of help. It is going to be the large number of Embassies we have around the world, large number of requests that are going to come through because of the large amount of changes that must be made and upgradings that must be made, large amount of decisions that have to be made. The existing State Department is not capable of doing that job; they do not have the personnel. Even if you had the money, you do not have the personnel, you do not have the expertise and the like. And I assume you should have had because this is fairly new. That is where it is really going to be, and I hope you are concentrating your efforts on that.

Let me just pick up finally where Ms. Snowe left off the Inman report. I take exception to the Inman report with reference to the breakdown of the Ambassador at Large and who is going to be responsible overall. I would prefer to see it a different way, and I do not want to get into that. I just do not think that breakdown is appropriate. And in a meeting a few weeks ago, I asked again for a flow chart to see——

Mr. Spiers. I agree.

Mr. Smith. Who has got the responsibility for what in terms of counterterrorism? I want to know if there is a significant terrorism attack, who can convene what group, who comes together, who is the boss, who makes the decision if we are going to retaliate or if we are going to sometime in the future preempt in the same area, what happens.

I got the impression from the first three meetings we had that it would take a year for the United States, based on its present functionary capabilities, to decide what it would do about an attack that took place a year ago. And I want to know if anything has changed with that regard.

Mr. Spiers. Well, I think you saw a good example in the *Achille Lauro* incident of some fairly fast decisionmaking.

Mr. Smith. Well, yes, I understand, but that one required going right to the top.

Mr. Spiers. Yes, and I think that is always going to be the case where you have actions that involve very grave political repercussions and commitment of military assets. But let me try to deal with this a little bit, because I could say up to last Monday, up to November 4, I was responsible for both security and counterterrorism. I am no longer. I am not responsible ultimately for the physical protection of our personnel, our facilities and our information both at home and abroad.

The diplomatic effort on counterterrorism now will report directly to the Secretary of State and not through me, and it is something that in any circumstance is going to engage in the time of crisis the top levels of our Government. So that I do not think it is inappropriate for this to have a direct reporting relationship to the Secretary of State, because the White House is going to get involved in it, the National Security Council is going to get involved in it, and this quickly escalates from the desk level question.

There are areas where an attack, whether you call it terrorism or not, is on an American Embassy or mission, that is my responsibility. When it is a kind of *Achille Lauro* thing where it is not involved with——

Mr. Smith. Well, let us talk about Embassies solely. I am more concerned——

Mr. SPIERS. In that circumstance, my responsibility is total to the Secretary of State. And any response would be something that I would have to deal with.

Now, depending on the level of responsibility——

Mr. SMITH. Doesn't have an army available.

Mr. SPIERS. That is right, and that is why—we may be getting one. That is exactly why very quickly these become interdepartmental things, because you have military assets, you have intelligence assets involved and you very quickly get the company's political leadership involved.

Mr. SMITH. Since you are now responsible, would you please—Mr. Chairman, I would make the request now again to Mr. Spiers, who has been kind enough to assume responsibility for this committee, own up to the responsibility as of 12 days ago—would you supply us with a flow chart of how you are now administratively broken down and in the event there needs to be a calling together of this working group, who does the calling, what groups come, who the people are that are represented and how decisions would be made?

Mr. SPIERS. As long as it is understood that this is in connection with attacks on American Embassies or facilities. And I am not talking about general terrorism——

Mr. SMITH. I understand.

Mr. SPIERS [continuing]. Hostage-taking in aircraft or the high seas that——

Mr. SMITH. No, I am talking about the administrative——

Mr. SPIERS. I would have no problem in giving you a precise definition or description of who at what level is responsible for what.

Mr. SMITH. Thank you, and just one final thing. One of the things that I think was most prevalent in the conversations I had in all the countries that we have visited over the last year or so was that, especially from the in-country people, not only our own Foreign Service but also the people in those countries, is that there is no central repository in this country for information relating to terrorists and terrorism. We have a number of agencies duplicating intelligence gathering, State, CIA, DIA, the Army, the Navy, they all have their own intelligence units and the like. There is very little, if any, dissemination of that information into a direct terrorism-kind of repository.

Does the State Department at some point envision trying to put together an intelligence operation which would be able to cull out the kinds of terrorism that we get from our intelligence from all those sources around the world which would relate directly to the theoretical possibility of attacks on our Embassies? And are we interested in getting together with other countries?

For instance, in Italy, the magistrate that we spent—I went to see a magistrate who deals in his capacity something like a grand jury in this country. The man had an office in this horrid, old, unair-conditioned, rundown, prewar battalion building. He had one lamp, one lamp. His office was floor-to-ceiling books and volumes and dusty old furniture, broken down, et cetera. The man does the most unbelievable intelligence gathering on information. Well, a one-man grand jury. That is what they are, these magistrates in Italy.

He found enormous quantities of information about terrorists and terrorist groups operating all over. But there is nobody in the United States who is a basic colleague in terms of their role as is his role in Italy. In Italy and in Europe, they have much more of that. They have it in France. They exchange information on that basis. He has nobody he can turn to in the United States because there is nobody at his level, nobody titled like him, nobody doing exactly the same thing.

Do we have any plans to start seeing whether or not we can put together that kind of intelligence? This man was pleading with us to give us somebody that he could turn that information over to on the same basis that those people that are our allies are accustomed to trading information with. They are not accustomed to calling up the CIA, for instance, and saying, I have the following information, are you interested. They do not do that. Have we ever looked at the possibility of putting together a group or whatever that would be able to get this kind of information from these people in Europe that gather that kind of information as well?

This may sound obtuse, but I will tell you, in every country that I went to, the thing they told me in the countries that people that dealt with it themselves, they have nobody to give the information to.

Mr. **Spiers**. Well, Congressman, it is a little difficult to get too specific about all of this in an open hearing. But I think that I can say confidentially that we do have this kind of integrative structure where all of this information from all sources comes in and is compiled and assessed. And the—your interlocutors abroad should have no trouble because channels do exist. And if you want to have somebody give me the names of these people, I can guarantee you that somebody will contact them. But I am kind of surprised because every Embassy had a channel for this kind of—to receive this kind of information.

Mr. **Smith**. My time has expired. Let me just pay a compliment. The people that I met overseas that work in the Foreign Service, AID, USIA and State, are terrific, topnotch people, dedicated; 99.9 percent represent the best of this country, and we are all very grateful to them and they are very concerned about their own safety, and they are doing the best they can under the circumstances and I think—and I met DEA people over there who are working very closely with the Embassy people. There is an enormous working relationship, too, within those Embassies, and that is to be commended. I think that we are really doing a better job than we have in a long time in that regard, and I think that is good, and I hope that you can continue that as well and give them the tools to work with to keep them safe.

Thank you.

Mr. **Mica**. Gentlemen, thank you very much. And let me just say that I would like to leave the record open for additional questions that we may wish to submit in writing. I would like to summarize by saying this.

Apparently, everybody is for antiterrorism legislation. We are all unanimous in our support of the Inman proposals. I guess like everybody supporting tax reform. Everybody thinks——

Mr. **Smith**. No, you had better not use that analogy.

Mr. **Mica**. Everybody thinks it is a great concept, but we have USIA saying that they have certain reservations unless they get dollar figures. AID has reservations unless they get greater written assurances. The President is talking about synergy with other programs. It is a sad situation really that we are in this bind because lives are on the line. After an hour of hearing, after months of waiting, we do not have a package before us on a program that was, I understand, designed to speed through the Congress with the full and total support of the President leading the charge. And we do not even have the package.

Now, as Ms. Snowe said, we may have to go out on our own, but we will then have a package that will be submitted, I am sure, with the help of one agency, a package that will be submitted with the help of another agency, and 20 or 30 ideas from other members without any real cohesion and then we are not talking about a national priority that is going to speed through the Congress to deal with a crisis situation. We are going to talk about another legislative vehicle that can get partisan, that can have all the problems that we have with everything else around here that we said we did not want on this package.

Mr. **Smith**. Nobody has asked the one question. Why do we not have the package?

Mr. **Mica**. Everbody supports it. Why do we not have it? We are waiting for the budget to be balanced, I guess.

Mr. **Smith**. Oh, no, no, Gramm-Rudman is—I mean is there a problem with drafting the package?

Mr. **Spiers**. No, it is drafted.

Mr. **Smith**. Is it in OMB?

Mr. **Mica**. It is at OMB. Let me ask you this question. Did NSC sign off on it?

Mr. **Spiers**. My understanding is that they have.

Mr. **Mica**. Today?

Ms. **Snowe**. Would the chairman yield?

Mr. **Spiers**. For your information, that's great.

Mr. **Smith**. Is that correct?

Mr. **Spiers**. Yes, that is correct.

Mr. **Mica**. So, it has been sitting at OMB for several months now.

Mr. **Spiers**. I think September was——

Ms. **Snowe**. Would the chairman yield?

If it was a priority of the administration, then I would assume that the President would move forward on the package and then in the event a Gramm-Rudman or an alternative of Gramm-Rudman would pass, then I think the administration can determine where the money is going to come from, if it is a priority.

And if it is not, if it is to be considered equally with all other programs irrespective of the urgency of the issue, then we have another issue at hand. And I think that is what we need to know.

Thank you, Mr. Chairman.

Mr. **Mica**. Thank you.

Our next scheduled hearing is next Wednesday, on the 20th. We are going to have a representative from the Office of Foreign Buildings talk to us a bit about how they are going to organize to handle this massive program that we are going to engage in some day.

Subcommittee stands in recess.

[Whereupon, at 5:40 p.m., the subcommittee recessed, to reconvene on Wednesday, November 20, 1985.]

BLANK PAGE

THE DIPLOMATIC SECURITY PROGRAM
Inman Diplomatic Construction Project

WEDNESDAY, NOVEMBER 20, 1985

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on International Operations,
Washington, DC.

The subcommittee met at 10:10 a.m., in room 2200, Rayburn House Office Building, Hon. Dan Mica (chairman of the subcommittee) presiding.

Mr. Mica. The Subcommittee on International Operations will come to order.

Today we begin consideration of specific aspects of the recommendations of the Inman Panel report. The focus of this hearing is the $4 billion Diplomatic Construction Program proposed by the Inman Panel.

Let me just depart from my prepared remarks here to make sure that I don't let this opportunity go by, to note for the record that we still have not received the legislative package on the Inman Panel recommendations from the administration. The Inman Commission submitted that report June 18 to the Secretary of State, and the Secretary of State testified immediately thereafter before this committee that that package would receive rapid support. They wanted to see it passed in this Congress, this session, and it would come up here as quickly as possible with the full and total support of the administration, the Secretary of State, the President, and so on. To date, we haven't seen the package.

This hearing, then, marks what we will consider the beginning of a review of that package, without the package, because we intend to move forward with or without it. We have an agreement—my ranking minority member and I, and the committee members, that we cannot wait any longer. We feel that not receiving that package is an error in judgment on the part of those responsible. The clock is ticking; there will be another incident, and we should have had this package a long time ago. So we are going to proceed as though the package were here and fill in the blanks as we go along. But we feel that it is important. It is a responsibility of this committee and one that we will not set aside for any partisan reasons.

I might say, too, the proposal is a lot more than a large building program. If properly implemented, it should be a new management system capable of carrying out the significant responsibilities of the Office of Foreign Buildings even after the Inman Diplomatic Construction Program is complete.

I will submit the rest of my statement for the record.

[The statement of Mr. Mica follows:]

Prepared Statement of Hon. Dan Mica, Chairman, Subcommittee on International Operations

The subcommittee will come to order.

Today we begin the actual consideration of the specific aspects of the proposed reorganization of the Inman legislation. The focus of this hearing is the $4 billion diplomatic construction program proposed by the Inman Panel.

The proposal is a lot more than a large building program. If properly implemented, it should be a new management system capable of carrying out the significant responsibilities of the Office of Foreign Buildings even after the Inman diplomatic construction program is completed.

However, before we can contemplate approving such a large program, we must review the manner in which the program will be implemented to meet the goals established by the Inman Panel on Overseas Security. We must also carefully consider the needs of the Department of State's Office of Foreign Buildings. The operations of this office have rarely enjoyed the support necessary to fully carry out its responsibilities. FBO has been forced to play catch up while the challenges have not continued to increase.

The private sector has a crucial role to play in the management and implementation of the diplomatic construction program. In order to meet the needs of the foreign affairs community abroad in a timely fashion, the Department of State will have to develop a plan which must draw on the experience of the private sector.

Such a plan cannot simply rely on a single contractor, or even a group of contractors, to do everything. FBO must be responsible for implementing the program at every level. To do so, however, it is my hope that FBO will use the private sector as its primary resource at every level of the program.

Without any further ado, I would like to welcome today's witnesses. We will first hear from Mr. Richard Dertadian, Deputy Assistant Secretary of State for Foreign Buildings Operations.

Following his presentation, we will hear from a panel of private sector representatives. This panel will include Mr. Frank Warren, representing the Associated General Contractors; Mr. William Birkhofer from the American Consulting Engineers Council; and, Robert Messmer from the American Institute of Architects.

Welcome.

Mr. Mica. I would like to get right into the testimony that we have, but before we do, I would say to each of my colleagues, if you have an opening statement I will call on you, and if you would like to summarize and have it submitted for the record it will be submitted in its entirety.

Our ranking minority member, Ms. Snowe.

Ms. Snowe. Mr. Chairman, I will do likewise. I would ask unanimous consent to include the entire text of my statement in the record.

I would also like to add to your comments, Mr. Chairman, that I do think that the committee has to proceed with this legislation and the Inman Panel's recommendation despite the fact that the State Department's request is languishing over at the Office of Management and Budget.

I think that this legislation is vitally important, that we need to proceed regardless of the status of that report within the administration. I do look forward to the administration's full support on this package shortly, because to do anything less, I think, puts people's lives at risk who are working for the U.S. Government abroad.

With that, Mr. Chairman, I will just ask to include my entire statement in the record at this point.

Mr. Mica. Without objection.

Ms. Snowe. Thank you.

[The statement of Ms. Snowe follows:]

PREPARED STATEMENT OF HON. OLYMPIA J. SNOWE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. Chairman, in today's hearing we will discuss the proposed building program of the Department of State, which is the foundation of the Inman Panel recommendations.

The findings of Inman Panel were sobering. The Panel explored the grave risks posed to U.S. personnel abroad by the realities of the world today. But just as the Panel was forthright in explaining the risks to U.S. personnel and facilities, the Panel made clear that the U.S. response to those risks will not be cheap.

The Panel identified the need for security upgrades across the board. It called for the rationalization of the security structure at the Department of State, increased security personnel, more and better training, international efforts to combat terrorism, and a new security ethic at State that would banish forever business-as-usual attitude toward security issues.

But by far the most expensive of the recommendations was the need to rebuild or renovate more than half of U.S. facilities abroad, just to bring them up to minimum security standards. The building program, as envisioned by the Inman Panel, and as ratified by the State Department's submission to OMB, will cost about $3.2 billion—nearly three-fourths of the overall cost of the recommendations. Other provisions of that submission, which is still languishing at the Office of Management and Budget, are no less important, but it appears that the entire submission has not been approved because of the fiscal impact.

I respect the restraint of Ambassador Spiers at the hearing last week, when he assured this subcommittee that the Administration supported the findings of Inman Panel. I have great respect for Ambassador Spiers, and I have been impressed by his commitment, along with that of Ambassador Lamb, in implementing the Panel's recommendations as fully as they can with current levels of funding.

The fact is, however, that U.S. personnel are at risk. They will remain at risk until the State Department obtains the funds necessary to increase security training and funding. We were told that current fiscal uncertainties due to the Gramm-Rudman proposal are holding up clearance from OMB. That might explain the past four weeks of the delay, but it certainly doesn't explain the previous four months.

As I stated last week, I believe that this subcommittee has an obligation to continuing moving ahead with this legislation, whatever the status of State's submission to OMB. The issue before the subcommittee today relates to the management of building program proposed by the Inman Panel.

I would like to welcome Richard Dertadian from the Office of Foreign Buildings at the Department of State. Mr. Dertadian will play a key role in assembling the management team that will oversee this unprecedented building program. I am also pleased to welcome our witnesses from the private sector, who represent companies that will play a partnership role with the Department in this vital undertaking. I look forward to your views on how this massive, priority program can be organized and carried out with the timeliness, quality, and cost effectiveness that it will require.

Mr. Mica. Today the witnesses are as follows: Richard Dertadian, Deputy Assistant Secretary, Office of Foreign Buildings Operations, Department of State; Mr. Frank Warren of the Associated General Contractors; Mr. Robert F. Messmer, American Institute of Architects; and Mr. William Birkhofer, American Consulting Engineers Council.

What we will do is proceed first with Mr. Dertadian and then have a panel of the other three witnesses. We welcome you here today.

Let me tell you, as I am sure you are aware, we have seen advanced copies of your testimony. If you want to summarize, your entire testimony will be submitted in the record and we will proceed with some questions. Please proceed.

STATEMENT OF RICHARD N. DERTADIAN, DEPUTY ASSISTANT SECRETARY, OFFICE OF FOREIGN BUILDINGS OPERATIONS, DEPARTMENT OF STATE

Mr. Dertadian. I appreciate the opportunity to bring you up to date on what the Office of Foreign Buildings has done to implement this urgently needed program.

I would also like to say that we in the Office of Foreign Buildings and in the State Department have been operating and organizing on the assumption that this program is going to be approved. I think my testimony will give you a clear idea on the steps we have taken.

As you are aware, the budget for the entire Inman Program has been submitted to OMB, including that part of the supplemental request which would include funding for a major building program as recommended by the Inman Panel.

We will be asking in that budget request for funding over 5 fiscal years with construction to be completed within 7 years. Appropriation authority for the Building Construction Program for the entire 5-year period will be sought in an overall authorization bill. Appropriations for each fiscal year will be sought annually thereafter.

Appropriation requests will be based on full funding for design and construction for each project so that funding availability will keep up with our plans for significant acceleration of the design and construction process.

The funding concept is a very important one to us because of problems we have had in the past with how we got our funding. We will ask for accelerated full funding so that funding is available to complement the accelerated methods we plan to us in getting projects completed in a timely manner.

As I indicated in my statement, a lot of effort has gone into the planning and implementation of a security construction program. The intent of the planning is to ensure that we build buildings that meet our security requirements; that they are designed in a way that is representative of the United States; that are built on time, and within budget costs. We have taken quite a few steps already to ensure the program is designed to meet those requirements.

The program we have planned is based on three major premises:

One is use of the expertise and experience of the private sector for critical program management and control aspects of the entire program.

Second, implementation of new design, management and construction techniques and methodologies.

And third, organizational changes within FBO to improve decisionmaking and coordination with the private sector and with other areas of the Department.

I think I should say that all of the planning we have done—all of the decisions we have made on how this program will be implemented, would have been done anyway, whether or not we had an Inman Program. Most of the initiatives we are taking, are related directly to problems we have had in the past in the Building Program. And as I say, these initiatives would be undertaken regardless of the size of the program.

Some of these initiatives involve utilization of sophisticated computer-based program management and control systems to ensure that individual projects are completed on time and within budget. We have been using these systems and this management technique in the 13 fiscal year 1985 supplemental projects we have been working on. As a result of this, 11 of those 13 projects are proceeding on schedule. The two that are not on schedule are due solely to problems we have had in getting sites in countries where we are dependent on the host government. We expect to resolve the problems there and be able to continue expeditiously on those two projects. That kind of a record for FBO, compared to our record of several years ago, I think is exceptional.

We are developing integrated and systems based design criteria incorporating specific functional, communications, automated systems and security requirements.

We are using fast track and design/build methods to accelerate the design and construction process so that projects can be completed in a shorter timeframe than was possible before.

We will be expanding use of computer-aided design equipment and methods to shorten the design process.

We will use risk analysis, constructability and value engineering reviews to ensure that design requirements are compatible with local conditions, material availability and technical capabilities and are cost effective.

We are upgrading construction contractor qualification requirements to ensure that construction awards are made to contractors with the financial, organizational and technical qualifications necessary for successful completion of a major overseas building program.

We are devoting sufficient resources to onsite construction oversight and inspection to ensure that buildings are constructed to required standards.

We are organizing FBO to create an interdisciplinary security construction implementation team dedicated exclusively to implementation of our major capital programs.

We are assigning to FBO liaison personnel from other offices that support the Building Program, such as the Offices of Communications, Information Systems and the Diplomatic Security Service, to improve coordination and decisionmaking.

We will be implementing recommendations from a major research undertaking for FBO by the National Academy of Sciences which will provide, by January, the scientific and technical bases, in the form of performance-based security design criteria, for the design and construction of future Embassy buildings.

As I mentioned earlier, the private sector will play a key role in ensuring effective management and implementation of the Building Program. The scope of the program that we envision is so great that there is no way we, ourselves, could mobilize to do this, and we don't believe it would be wise to try and do that.

We have already submitted a synopsis for publication in the Commerce Business Daily which will solicit formal particulars of qualification and experience from private sector firms for provision of program, design and engineering, construction and operations management services.

While I have no illusions about the difficulty of the task before us, I believe that we have developed an eminently workable implementation program which will have a far greater measure of success than has previously been possible in U.S. Government construction overseas.

The extreme vulnerability of our personnel and facilities overseas, we all agree, requires rapid implementation of the recommended Security Construction Program. We will be ready to move as soon as the Congress makes the funding available.

I would be happy to answer any questions you may have.

[The statement of Mr. Dertadian follows:]

Prepared Statement of Richard N. Dertadian, Deputy Assistant Secretary, Office of Foreign Buildings Operations, Department of State

Mr. Chairman, members of the Committee, I appreciate the opportunity to bring you up to date on the Office of Foreign Buildings' plans to implement the urgently needed security construction program called for by the Inman Panel.

I have a written statement which, with your permission, I would like to offer for the record.

The Inman Panel found that nearly one-half of our current inventory of buildings do not meet new minimum security standards. The Panel recommended a massive building program to provide adequate protection against the growing level of terrorist and other security threats facing our personnel, information and facilities overseas.

We have submitted to OMB our draft legislation and supplemental budget request which includes funding to begin an ambitious multi-year building program to replace or substantially modify facilities overseas which face significant security threats. These include facilities for AID, USIA and the Department of Commerce, as well as State.

The full construction program will require funding over five fiscal years with construction to be completed within seven years. Appropriation authority for the building construction program for the entire five year period will be sought in an overall authorization bill. Appropriations for each fiscal year will be sought annually thereafter. Appropriation requests will be based on full funding for design and construction for each project so that funding availability will keep up with our plans for significant acceleration of the design and construction process.

The program places a priority on buildings at locations where there is a significant security threat and which are substantially below our current standards.

Considerable effort has gone into our planning for implementation of a security construction program which would ensure that buildings are designed and built to meet stringent security standards, on time and within budget. It was clear from the outset that a massive expansion of FBO staff to implement such a major program was not the answer. We have, instead, developed an implementation plan based on the following three premises:

-- use of the expertise and experience of the private sector for critical program management and control aspects of the entire program;

-- implementation of new design, management and construction techniques and methodologies; and,

-- organizational changes within FBO to improve decision-making and coordination with other areas of the Department and with private sector program managers.

Important initiatives in these areas already undertaken by FBO include:

-- utilization of sophisticated computer-based program management and control systems to ensure that individual projects are completed on time and within budget. These systems have been used on our 13 FY 1985 supplemental projects. As a result 11 of the 13 projects are proceeding on schedule;

-- development of integrated and systems based design criteria incorporating specific functional, communications, automated systems and security requirements;

-- use of "fast track" and "design/build" methods to accelerate the design and construction process so that projects can be completed in a shorter time frame than was possible under previous programs;

-- expanded use of computer-aided design equipment and methods which can shorten the design process;

-- risk analysis, constructability and value engineering reviews to ensure the design requirements are compatible with local conditions, material availability and technical capabilities and are cost-effective;

-- upgrading of construction contractor qualification requirements to ensure that construction awards are made to contractors with the financial, organizational and technical qualifications necessary for successful completion of a major overseas building program;

-- devoting sufficient resources for on-site construction oversight and inspection to ensure that buildings are constructed to required standards;

-- reorganization in FBO to create an interdisciplinary Security Construction Implementation Team dedicated exclusively to implementation of major capital programs;

-- assignment to FBO of liaison personnel from other offices that support the building program - such as the Offices of Communications, Information Systems and the Diplomatic Security Service - to improve coordination and decision-making; and,

-- implementation of recommendations from a major research undertaking for FBO by the National Academy of Sciences which will provide, by January 1986, the scientific and technical bases, in the form of performance-based security design criteria, for the design and construction of future Embassy buildings.

As mentioned earlier, the private sector will play a key role in ensuring effective management and implementation of the building program. We have already submitted a synopsis for publication in the "Commerce Business Daily" which will solicit formal particulars of qualification and experience from private sector firms for provision of program, design and engineering, construction and operations management services.

While I have no illusions about the difficulty of the task before us, I believe, that we have developed an eminently workable implementation program which will have a far greater measure of success than has previously been possible in US Government construction overseas.

The extreme vulnerability of our personnel and facilities overseas requires rapid implementation of the recommended security construction program. We will be ready to move as soon as the Congress makes the required funding available.

I would be happy to answer whatever questions you may have.

Mr. MICA. We would be happy to move as soon as the administration pays the bill.

Our colleague, Mr. Smith, has another committee in progress and has asked to ask a question out of order regarding the Egyptian Embassy.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Dertadian, I am a supporter of the program and I would very much like to see the administration move it over here as rapidly as possible so we could begin to move forward on it. I want to commend the chairman for holding the hearings regardless or not, taking the time to wait because, as my colleague, Ms. Snowe indicated, the lives of Americans are at stake, and the Foreign Service people are very dear to us.

In that regard, I notice that you indicated in your statement as an aside, that even without this program you would be moving forward to make many of these changes.

Let me ask you specifically about something which is being worked on now, which to me, from personal onsite inspection, and from everybody I speak to, is a classic example of the grossest form of mismanagement and problems.

We have two buildings being erected in Egypt. One is a 17-story Embassy, surrounded in downtown Cairo on four sides by sidewalk, right up abutting against the sidewalk on all four sides. And the other is an American Ambassador's residence, which is probably the worst piece of construction I have ever seen in my life, where the floors don't meet, the walls don't meet. And when the plumbing was put in, none of the pipes came out where the architect had indicated for the conveniences to be.

Would you please explain why, as one of the latest projects that we are working on, it is behind time, over budget, over schedule, and one of them—in fact, the Ambassador's residence is going to be sold; isn't that correct?

Mr. **Dertadian**. Yes.

Mr. **Smith**. Because nobody could live in it or move into it; isn't that correct?

Mr. **Dertadian**. Yes.

Mr. **Smith**. Now, if in fact that is our track record as to the most recent examples, what is going wrong now?

Mr. **Dertadian**. I would be happy to respond to that.

Mr. **Smith**. Especially—excuse me—as it relates to the siting of the American Embassy, which I think is probably the worst possible place to have put that Embassy in terms of the threat of terrorism.

Mr. **Dertadian**. Let me deal first with Cairo. I agree with you fully. Both of those projects were designed quite a few years ago. I think construction was started on them several years ago. The construction stopped almost a year ago on the office building there.

Mr. **Mica**. Could you be more specific? How long ago? Two? Four?

Mr. **Dertadian**. I think the original office building was originally designed in 1980. And the residence was designed in 1975, quite a while ago before we had implemented the initiatives I am talking about which we have already put into the organization.

The problem with the residence is very clear. It relates to a lot of the things I have said that we plan on doing. The design was not a constructable design. There were major problems in constructability. If we designed a residence now we would have constructability reviews related to the ability of local labor, and the kinds of local materials we have, which should impact on what kind of a building we design, or what kind of technologies we use.

Mr. **Smith**. Who built the Ambassador's residence?

Mr. **Dertadian**. It was an Egyptian contractor—that's another problem. It was a contractor that was not technically or financially qualified to do the work, as far as I am concerned.

Mr. **Smith**. Why did you pick him, Mr. Dertadian? We are not talking about 1936. We are talking about 1982 when that project was let. Why was a man like that, or company like that, chosen to build a $4 million building? It is a disgrace.

Mr. **Dertadian**. I cannot justify as to why construction began in 1982. I was not in FBO then. That contractor was picked. But I can tell you that one of the problems we had was a requirement to use foreign currency for the project. So they had to find a contractor who would accept foreign currency. There weren't many bidders on that residence job.

With the procedures we have in place now, that would not happen. I can assure you it would not happen.

Mr. **Smith**. Do the procedures allow for using American contractors?

Mr. **Dertadian**. They would allow American contractors to bid on it. I would not myself agree to building in a place like Cairo and being forced to use a funding system which forces us to use contractors who don't have the kind of qualifications we want.

Mr. **Smith**. It turns out that we are probably going to wind up making money selling the thing because the property is valuable. Let's talk about the real issue—the Embassy, which I think is, first of all, behind time, over budget, and is a threat to all our personnel.

Why did we site it that way in 1981 in the most vulnerable area?

Mr. **Dertadian**. That Embassy was sited before our current security standards were in track. We are redoing the program there so that the siting and the security safeguards we incorporate into the design meet our current standards, substantially, almost completely.

If you look at the original program there, we actually had buildings designed to be on the periphery, to be on the street, in addition to the tower that's being built. The tower substantially meets the 100-foot setback requirements that are standard now in our security standards. But it doesn't meet some of the requirements we have in terms of facades, windows, and so forth.

We are changing that. We are redesigning the tower to ensure that it is built to current blast resistant requirements.

Mr. **McCain**. Will the gentleman yield?

Mr. **Smith**. I would be happy to yield.

Mr. **McCain**. Could I ask how much this Embassy is now going to cost?

Mr. **Smith**. You don't want the answer.

Mr. **Dertadian**. Yes, certainly I will respond.

The original estimate for that building was $30 million—for construction. We are going to need an additional $12 million to finish the construction. In fact, we plan to award the construction contract in December. The increase is due, first of all, to inflation—3 years have passed since the original contract was awarded and there has been inflation over that 3-year period. Also, the building is going to cost more because we have changed the design significantly to incorporate a number of current security requirements that weren't in the original design.

Mr. **McCain**. I thank the gentleman for yielding.

Mr. **Smith**. I thank the gentleman for his question, I think it is very pertinent. Forty percent over budget, not finished yet, behind schedule; not finished yet, which means probably more money will be spent. And in fact, we still won't have a building that will meet actually all of our standards. And that is from something that started only 4 years ago.

I don't want to go too much more into this. I appreciate the chairman yielding me this time.

I would just like to tell you that if the Inman Panel report does not get implemented right away, and you don't change, on your own, what has been going on over the last few years, there is going to be great displeasure in this Congress, I can tell you that. This is a real problem and I want to go back again to what Ms. Snowe said.

It all boils down to the bottom line: the safety and the lives of the people in the Foreign Service, which I know you care about, don't get me wrong. I understand that. It is not an expediency to build buildings—there's people involved here. But, boy, we had better do something. If anything like this ever occurred again, the Inman report would be a white paper compared to what might happen.

Mr. **Dertadian**. Sir, if I could just respond on one more aspect of what you said.

The big problem we have with that building is the contractor went belly up.

Mr. **Smith**. That's not an excuse, Mr. Dertadian. We chose the contractor.

Mr. **Dertadian**. I am not using it as an excuse, sir. I am giving you the reason and what we have done, so as to prevent that kind of thing happening again. As I mentioned in my statement, we have upgraded the contractor qualification requirements significantly, so that we have contractors who have the technical capability, and a financial capability, and a managerial capability to do this work. We have made major changes in that area.

Mr. **Smith**. Thank you. Thank you, Mr. Chairman, I appreciate it very much.

Mr. **Mica**. Thank you.

I might just say at the onset, we could spend a great deal of time on this particular problem. It has become a classic, and it is talked about and repeated every place and everywhere I go when we discuss this type of program and the problems we face. I won't get into it further here today, except to say I think we all share the concerns that have been raised here. It is just incredible.

We have an excellent turnout of our committee today. In order to be fair to each member and the panel of three additional witnesses here is what I would like to do. I will limit myself and each of us to 5 minutes on this first round with Mr. Dertadian, and then we will bring the second panel up, 5 minutes, and then we will go as many rounds as we would like. But if we don't limit it, we will only get in one or two people asking questions.

First, let me just say that I am very pleased to hear you say that you are moving forward as if the Inman Panel recommendations were going to be law. Now, that makes two of us—this committee and FBO. We are waiting for OMB and a few others to come forward.

Second, I would like to just note for the record the information that I have been given this morning. If there is anyone here that has information to indicate this is not correct, I would like them to step forward. In fact, did I see Dwight Mason in the room? Mr. Mason.

As I understand it, for the record, the Inman Panel reported to the Secretary June 18. It was September 25 when the appropriations package was sent to OMB, and October 25, we understand, when the legislative package was sent to OMB. Maybe at the next hearing, if those dates are correct, we can find out the reason for the delay. I wasn't aware there was that much of a delay during the middle of the summer. It was my understanding they were waiting totally and solely on OMB. But at any rate, it is all over there now. There has been a delay and those are the dates for the record that I have been given. If anybody has information contrary to that I would like to know it.

Second, Mr. Dertadian, and I think this would help us all, you indicated you had a synopsis, a little detail of how you intended to proceed, published in the Commerce Business Daily?

Mr. **Dertadian**. Yes, sir.

Mr. **Mica**. I have not seen that. I would appreciate your submitting a copy of that for the record for our colleagues.

[The synopsis follows:]

United States Department of State

Washington, D.C. 20520

November 18, 1985

U.S. Department of Commerce
Commerce Business Daily
Post Office Box 5999
Chicago, Illinois 60680

Please include the following synopsis in the Commerce Business Daily.

U.S. Department of State, A/FBO, Contracts Branch, Room 411, SA-6, Washington, D.C. 20520.

H - Program Management Support Services for the Office of Foreign Buildings Operations (FBO) will be required to undertake an accelerated program to construct and upgrade U.S. Department of State Embassy and Consulate facilities worldwide. This highly integrated support service will encompass the following type of activities: (1) Program Management to assist in the development of any specialized design criteria and project requirements, the conduct of site feasibility studies and analysis, the development of an integrated management system that can monitor and coordinate budgeting and scheduling restraints of assigned projects (2) Design and Engineering management which will assist in the acquisition of A/E services, in the review of scheduled design submissions and in the preparation of bidding documents for construction (3) Construction Management to assist in determining methods of construction, availability of materials and labor and of other considerations impacting on the successful construction of projects, in the solicitation and awarding of construction, material and equipment contracts, in the administration of contracts and providing quality control/assurance (4) Operations Management - to assist in the turnover, startup, operation and maintenance of completed facilities. The contractor must have a fully intergrated organization and operating systems that can provide program and project management resources and skills, design and engineering expertise (e.g. architectural, civil, structural, mechanical, electrical, security) and construction management, experience and resources to perform all the described activities. The firm must have extensive International experience in the development of comparable programs and projects outside of the United States. Contractor will be required to obtain security clearances for access to classified data and materials. Firms having interest, capability and experience are invited to submit particulars of qualification and experience see note 68. Closing date for particulars is 30 days after publication. Respondents to this notice will not be notified of the results of evaluation of info submitted. Subject to the authorization of an accelerated Department of State construction program by the U.S. Congress, an RFP may be released for these support services and the respondents hereto will be afforded the opportunity to submit a formal proposal. FBO contact for this procurement is Mr. S. A. Caputo (703) 235-1843.

Sincerely,

/s/

John F. Black
Chief, Contracts Branch
Office of Foreign Buildings
Operations

!A/FBO/CON :SCaputo:aeg
! 1059E, p. 1-2

Mr. **Mica**. Maybe, just before I ask a question or two, and you can even take it our of my 5 minutes, you could give me one minute's synopsis of what you said there.

Mr. **Dertadian**. Sure.

Let me tell you what we are asking for in this synopsis. We are soliciting interests—and there is a lot, and we are pleased there is a lot—for private sector firms to come in and do what is called, generically, program management. Essentially we are asking them to assist us in managing virtually every phase of our Program, from site selection, at the very beginning, all the way through the end of construction.

The key point of that is using sophisticated computer-based construction program management systems which are used throughout the industry, which set schedules for projects, set milestones and critical paths; so that every phase of an entire program for a project, would be monitored to make sure we are proceeding on time, things are being done correctly, things are being done when they have to be done. It is also a cost tracking system.

We have been using this system internally on our fiscal year 1985 projects. It is the best kind of system you can use to make sure you are doing things right, that you are doing them on time, and that you are resolving problems before they become crises. We are asking the private sector to do that for us essentially.

We are also asking them to participate in the design and engineering aspects of the program.

As I indicated in my testimony, there are a lot of things we are beginning to implement ourselves. But we, in terms of the size of the Inman program, cannot mobilize people with the skills required and the number needed. We want constructability reviews of our designs. We want value engineering reviews of our designs. Our designs haven't really been reviewed for constructability until this past year. In the past we had buildings which were very nicely designed and very attractive, but which were very difficult to put up in the location in which they are being built because the design did not take adequately into account the skill of the local labor, and the kinds of materials available. Some of the buildings would have been difficult to put up in the United States.

Mr. MICA. Are you preparing a master plan to bring in all of these private sector contractors?

Mr. DERTADIAN. Our plan, sir, is to have about six or seven through the course of the project. We would segment a number of projects and have a program manager to oversee——

Mr. MICA. Are you consulting with the private sector to put together the master plan?

Mr. DERTADIAN. Yes, sir. In the last 5 months, in the time I have been in FBO, I have had at least 25 to 30 presentations and briefings by private sector people—joint ventures and individual companies. They have come to us voluntarily but we have also sought them out.

Mr. MICA. Is the master plan ready?

Mr. DERTADIAN. Yes, it is.

Mr. MICA. It is ready?

Mr. DERTADIAN. Yes, sir.

Mr. MICA. We would like a copy of that.[1]

Mr. DERTADIAN. I would be pleased to get it for you.

Mr. MICA. I would appreciate that.

I see my time is running out.

At least from the first 5 minutes of what I have heard, I am very pleased that we are going to start to look at the private sector to get involved, and I hope we can do that to the fullest extent.

Talking about the Embassy in Egypt, 4 or 5 years for one facility would give us about a 150-year time schedule to implement the Inman Panel if we did it the old way.

My time is expired.

Ms. Snowe.

Ms. SNOWE. Thank you, Mr. Chairman.

Mr. Dertadian, getting back to the master plan, you have already developed a master plan in consultation with private sector consultants, for example?

Mr. DERTADIAN. Yes.

Ms. SNOWE. Then would you be contracting with a particular company to implement that master plan?

Mr. DERTADIAN. Let me respond and amplify. When I say we have developed our master plan in consultation with the private sector, we have taken into consideration all of the briefings they have given us and a lot of private conversations we have had with them, because there are a lot of options on how you can do this in terms of using the private sector.

---

[1] See app. 2.

We have taken those briefings and looked at our organization and our requirements and our responsibilities and come up with a plan that we think is relevant for FBO. It is based on information we have from the private sector. We have advertised for firms who have interest, and we will pick the qualified firms based on their interest and then work with them on the master plan we have developed. We may modify that to a degree based on further conversation with bidders.

Ms. **Snowe**. I am just trying to ask some informational questions here. But wouldn't you be better served to contract with a company who then would develop the master plan, because eventually if you do contract with a private company they may have a difference of opinion on that master plan and would choose to develop different aspects of it that might differ from what you have. As I understand what you are saying, the master plan that you have developed is on the basis of consultations with various company consultants.

Mr. **Dertadian**. Right.

Ms. **Snowe**. But if you contract with a private company, they might have a difference of opinion on that particular master plan, so then wouldn't you be reinventing the wheel on that particular aspect?

Mr. **Dertadian**. We have the responsibility for development of the plan that will best serve the U.S. Government in implementing this program and that will best serve us in keeping control in terms of our responsibility. We also have a responsibility to make sure we are aware of all the possible ways that can be done, and then we choose the one that best meets our requirements. Any client does that. The client does have some knowledge about his needs that outsiders don't have. That is what we have done.

The plan we have, I think, is the most workable and I don't think that private sector people when we contact them are going to say, no, we won't do it because we think there is a better way to do it. I think they will say, all right, if this is what you need, how you need it, we are here eager to take the work and willing to work. I don't anticipate that kind——

Mr. **Mica**. Will the gentlelady yield on that?

Ms. **Snowe**. I would be glad to yield.

Mr. **Mica**. Suppose they say this is what you need and how you need it and we would be happy to do the work, but, by the way, we could save you some money if you can modify this. Are you ready to do that?

Mr. **Dertadian**. I am interested in saving money, indeed. I haven't heard that argument, though.

Mr. **Mica**. You will have the flexibility to make adjustments?

Mr. **Dertadian**. Absolutely. We have a master plan but we are planning well ahead. I don't know when the program will be approved, I don't know when funding will be available. I am sort of working on a timeframe of hopefully receiving funding by the spring and I want to be ready to go in the spring.

In this process we are soliciting interested firms and then we will advertise a specific RFP—we will continue talking with firms about our plan and their reaction to it, and so forth.

We are not sort of in an obstinate position. We have developed, based on the information we have, what we think is the best way to approach this, using private sector expertise in a very, very major way.

Ms. **Snowe**. Based on your experience with the Embassy in Egypt, how do we expect to implement the Inman Panel's recommendations on this 5 to 7 year construction program for more than a 126 State Department buildings and then, of course, additional buildings that would approximate more than 200 altogether?

Mr. **Dertadian**. It is a whole new ball game. It is already a new organization in terms of things we are implementing ourselves.

Ms. **Snowe**. Within your organization?

Mr. **Dertadian**. I think if you look at our performance on the fiscal year 1985 supplemental, 13 projects, which is a far larger number of projects in any one year than we have had before—we are on schedule on 11 of the 13. We would be on schedule on all 13 if we didn't have site problems on two of them.

It is a whole new ball game because of the things I mentioned: program management, integrated design criteria, using adequate resources for on-site construction oversight, doing risk analysis, constructability and value engineering reviews, using faster and accelerated design and construction techniques, these are processes and management techniques we haven't used in the past. We are using them now in a number of our buildings, fast track and design build—shortening the design process. We have implemented many of these initiatives on our own but we will be using the private sector, which has considerable expertise in all of these areas to expand on these initiatives in the Inman Construction Program.

I realize we can talk about Cairo and other places, and believe me, I talk about it all the time. I keep a picture of the residence in the entrance to my office. People ask me why do you keep it there? And I say, because I want my staff to remember it. We are a different organization, I wish to assure you.

Ms. **Snowe**. Is that an American firm that is building that Embassy?

Mr. **Dertadian**. You are talking about the residence or the office building?

Ms. **Snowe**. Both of them.

Mr. **Dertadian**. The residence, no one is building. We stopped the building on it. We are getting rid of it for a profit, thank goodness, but that's no excuse for what happened.

The contractor on the office building was in default almost a year ago. We took the $3½ million we had in default. We have readvertised the project. We have 11 bidders, quite a few of them are American bidders. The contract will be awarded in early December. I cannot tell you who the contractor will be.

Ms. **Snowe**. Who was the previous contractor?

Mr. **Dertadian**. It was a Swiss-Egyptian firm, Swiss controlled.

Ms. **Snowe**. Thank you, Mr. Chairman.

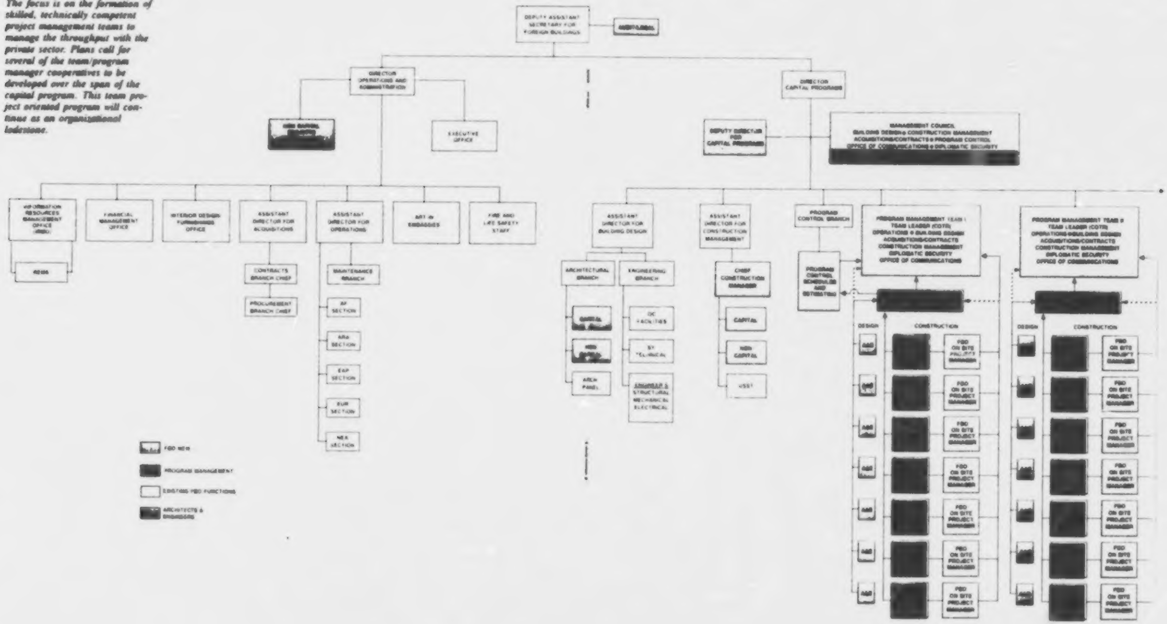
Mr. **Mica**. A quick point before we proceed with questions.

The committee has just been made aware of the charts you have, the flow charts, and so on, on how you intend to proceed. I would like these to be included in the record. I won't break the line of questioning now but I may come back as soon as we finish this round and ask you to at least give us some rundown of how you see these charts working.

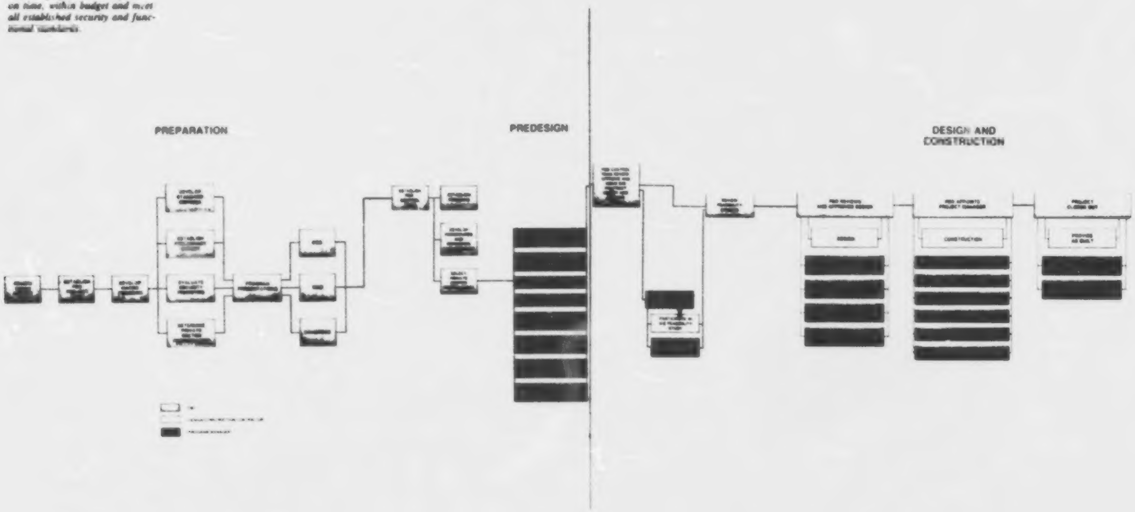
[The charts follow:]

Recognizing the need to restructure the organization, the Office of Foreign Buildings designed a new vitalized management concept that embraced the over fifty years experience in building embassies in all parts of the world. The focus is on the formation of skilled, technically competent project management teams to manage the throughput with the private sector. Plans call for several of the team/program manager cooperatives to be developed over the span of the capital program. This team project oriented program will continue as an organizational lodestone.

NEW ORGANIZATION - OFFICE OF FOREIGN BUILDINGS


DEPUTY ASSISTANT SECRETARY FOR FOREIGN BUILDINGS
DIRECTOR OPERATIONS AND ADMINISTRATION
EXECUTIVE OFFICE
DIRECTOR CAPITAL PROGRAMS
DEPUTY DIRECTOR FOR CAPITAL PROGRAMS
MANAGEMENT COUNCIL
BUILDING DESIGN • CONSTRUCTION MANAGEMENT
ACQUISITIONS/CONTRACTS • PROGRAM CONTROL
OFFICE OF COMMUNICATIONS • DIPLOMATIC SECURITY
INFORMATION RESOURCES MANAGEMENT OFFICE
FINANCIAL MANAGEMENT OFFICE
INTERIOR DESIGN FURNISHINGS OFFICE
ASSISTANT DIRECTOR FOR ACQUISITIONS
ASSISTANT DIRECTOR FOR OPERATIONS
ART IN EMBASSIES
FIRE AND LIFE SAFETY STAFF
CONTRACTS BRANCH CHIEF
PROCUREMENT BRANCH CHIEF
MAINTENANCE BRANCH
AF SECTION
ARA SECTION
EAP SECTION
EUR SECTION
NEA SECTION
ASSISTANT DIRECTOR FOR BUILDING DESIGN
ARCHITECTURAL BRANCH
ENGINEERING BRANCH
CAPITAL
NON CAPITAL
ARCH PANEL
DC FACILITIES
SY TECHNICAL
STRUCTURAL MECHANICAL ELECTRICAL
ASSISTANT DIRECTOR FOR CONSTRUCTION MANAGEMENT
CHIEF CONSTRUCTION MANAGER
CAPITAL
NON CAPITAL
PROGRAM CONTROL BRANCH
PROGRAM CONTROL SCHEDULES AND ESTIMATING
PROGRAM MANAGEMENT TEAM I
TEAM LEADER (COTR)
OPERATIONS • BUILDING DESIGN
ACQUISITIONS/CONTRACTS
CONSTRUCTION MANAGEMENT
DIPLOMATIC SECURITY
OFFICE OF COMMUNICATIONS
PROGRAM MANAGEMENT TEAM II
TEAM LEADER (COTR)
OPERATIONS • BUILDING DESIGN
ACQUISITIONS/CONTRACTS
CONSTRUCTION MANAGEMENT
DIPLOMATIC SECURITY
OFFICE OF COMMUNICATIONS
DESIGN
CONSTRUCTION
A&E
FBO ON SITE PROJECT MANAGER
FBO NEW
PROGRAM MANAGEMENT
EXISTING FBO FUNCTIONS
ARCHITECTS & ENGINEERS

This diagram illustrates the flow of work to be done by the Office of Foreign Buildings, private sector program managers and the architectural/engineering/construction firms. In each case a review and approval process will take place by the FBO to insure that the projects are completed on time, within budget and meet all established security and functional standards.


PREPARATION
PREDESIGN
DESIGN AND CONSTRUCTION
CONSTRUCTION
PROJECT CLOSE OUT

87

Mr. Mica. Mr. Yatron.

Mr. Yatron. Thank you, Mr. Chairman. I would like to request unanimous consent to have included in the record a brief opening statement.

Mr. Mica. Without objection, so ordered.

[The statement of Mr. Yatron follows:]

Mr. Chairman, I want to commend you for holding this series of hearings. You have taken a leadership role in focusing congressional and public attention on the importance of enhancing diplomatic security to protect America personnel abroad.

It seems clear to me that the Congress is ready to act favorably on an administration request for a large scale diplomatic security program. I think the Inman recommendations warrant expeditious consideration by the President and O.M.B.

Americans serving in our diplomatic posts are not being adequately provided for from a security standpoint and I sincerely hope that the administration will fully utilize the Inman recommendations in the form of a supplemental request to Congress in the near future.

Mr. Yatron. Mr. Dertadian, according to the Inman report, USIA identified 121 separate overseas facilities that did not meet security standards, and yet they were candidates for relocation or upgrading. From what I understand, there has been some concern raised as to how these security requirements, including building relocation, would affect USIA's ability to maintain an open and direct relationship with its target groups in other nations.

Has USIA expressed its concern to your office about preserving the agency's accessibility abroad? In terms of building relocation, do you feel that this could pose a management problem with USIA?

Mr. Dertadian. I don't think so, sir. It is clear that certain USIA functions—like libraries and cultural centers—which must be open to the public, a lot of traffic, easily accessible—have functions which are different than the functions of other kinds of buildings that we have, but they have security problems. We will relocate some of those buildings. We will build them to require security standards in terms of access control and other requirements. But they will be evaluated on a case-by-case basis. In terms of them being able to meet their mission, and us being able to provide them the maximum amount of security contingent with that requirement.

Mr. Yatron. Of the 210 facilities that Inman report cites as candidates for inclusion in the building program, approximately how many do you feel will actually have to be relocated?

Mr. Dertadian. On the USIA side? Of the approximately 200, sir, that you mentioned?

Mr. Yatron. 210.

Mr. Dertadian. We will be dealing with 72 of them. We have had to look, in terms of this program, at those buildings in those countries and sites where there is a significant security threat. And that is where we are moving on this program. We would hope all of our buildings would meet security standards. But in terms of the entire program, we have had to look first to those posts where there is a significant security threat, and take action there. That is where we have keyed on both USIA's, and State's, and AID's, and Commerce's requirements.

Mr. Yatron. I have one final question, Mr. Chairman.

Is it the Department's view that utilizing American contractors is the best way to ensure that proper security precautions are taken in most or all phases of construction? Do you envision any opposition from host governments in terms of using American contractors in their particular countries?

Mr. **Dertadian**. If we could afford it, I would like to have cleared American contractors and cleared American personnel do everything that is done in construction of the building—stone upon stone upon stone. But there would be no way, no matter how much anybody thinks we have, to implement that kind of a program—we couldn't afford that because you would be talking about incredible amounts of money. What we will do is use cleared American personnel and American contractors in the construction of all sensitive areas that have to be secure and safe. However, for normal construction, no matter who the contractor is in terms of the normal construction, they must subcontract for labor and most of the subcontractors are local—and everybody has to use them. But in those areas that are sensitive, we use American contractors, American workers, or American military—cleared people.

In terms of the security requirements in construction, we do have on-site construction project managers who inspect work that is being done. We have regional security officers who are very concerned with what happens on-site. And after construction is completed, we go in and have ways of looking at the Embassy to make sure nothing has been done, and that is what we will do.

Mr. **Yatron**. Thank you. Thank you, Mr. Chairman.

Mr. **Mica**. Mr. Gilman.

Mr. **Gilman**. Thank you, Mr. Chairman.

Mr. Chairman, as you know, for a number of years our committee has been trying to encourage a more effective and a quicker implementation of security measures overseas and we have been very much concerned about the very slow process that has been undertaken in the past. Again, this past year, the terrorist actions have underscored the need to move more rapidly.

As I review your proposals, I am again concerned that you are competing with our Army Corps of Engineers in the manner in which you expedite your projects. It takes us 10 years to get a flood project from the initiation to the implementation. I hope it is not going to take 10 years to get a security construction program completed. But it sounds like it is at least 7 years from what you are saying. Am I correct, that from this point forward it will be about 7 years before we see substantial implementation of this program?

Mr. **Dertadian**. No, sir. It will take 7 years to complete the program. We are front-loading the program to the maximum extent possible.

Mr. **Gilman**. When you talk about front-loading, have you established a priority list of some important difficult areas that could be targeted that will be completed prior to other projects?

Mr. **Dertadian**. Yes, sir.

Mr. **Gilman**. When would the quickest completion be accomplished of any of those priority areas? What would be the earliest date that you would be able to undertake the completion of a project?

Mr. DERTADIAN. I would say about 32 months from the date we get an appropriation, the first new one would be completed. That is really a major change. It used to take us 2 years to design a building.

Mr. GILMAN. You are talking roughly about 3 years from now to complete the first major undertaking?

Mr. DERTADIAN. That is right, sir.

Mr. GILMAN. And about 7 years to get most of them under way, or most completed?

Mr. DERTADIAN. I think all of them would be under way within the first 3 years.

Mr. GILMAN. And about 7 years for completion, providing there are no hitches along the way?

Mr. DERTADIAN. Yes, the majority would be completed within 5 years.

Mr. GILMAN. What sort of reorganization plans does your agency have for speeding up this program?

Mr. DERTADIAN. Yes, sir. First of all, we are reorganizing FBO so we have a dedicated staff for the capital programs. In the past, FBO has been organized only on a functional basis, and we have many programs besides new buildings.

Mr. GILMAN. So you are now going to have a new buildings group?

Mr. DERTADIAN. We are going to have an exclusively dedicated new buildings group.

Mr. GILMAN. Does that mean new personnel?

Mr. DERTADIAN. No, it is the personnel we have on board. The problem is our personnel on board have all kinds of things they deal with rather than individual people to focus on this.

Mr. GILMAN. How many in personnel will be attending to the security construction program?

Mr. DERTADIAN. In FBO, sir?

Mr. GILMAN. Yes.

Mr. DERTADIAN. About 200.

Mr. GILMAN. About 200?

Mr. DERTADIAN. Yes, sir.

Mr. GILMAN. How many of those are professionals—engineers, architects, and that sort of thing?

Mr. DERTADIAN. I would say about 75 to 70 percent of them.

Mr. GILMAN. We are talking approximately—what is it, 125 potential projects?

Mr. DERTADIAN. We are talking about more than 250 projects.

Mr. GILMAN. 250 projects?

Mr. DERTADIAN. Yes.

Mr. GILMAN. Will that 75 professional people be able to handle some 250 construction projects out there?

Mr. DERTADIAN. No, but they will, in terms of our partnership with the private sector. That is why it is so critical we use the private sector.

Mr. GILMAN. There is no question you will be using the private sector, but I would assume that the quality of the work will be dependent upon sound oversight. Do you have sufficient personnel to do the research, the planning, and the oversight that will be necessary for over 200 projects? You are confident that 75 people will be able to handle that?

Mr. **Dertadian**. No, I said about 75——

Mr. **Gilman**. I can't hear you.

Mr. **Dertadian**. I said about 75 percent, that's about 150. Yes, I am, sir, because we plan to use the private sector in many of those areas. We will be reviewing their recommendations and their work.

Mr. **Gilman**. How will you be undertaking oversight? I understand that a good part of the quality of the work will be dependent upon sound oversight. That is what our subsequent witnesses are going to be saying when they appear before our panel—I have looked over some of their testimony. That satisfactory results will be dependent upon the kind of quality oversight that you have out of the central office.

How are you going to undertake that kind of oversight in over 200 projects if you have only 150 people, some of whom have to do research and design and planning here in the home office while some will be out on the road looking at 225 projects, or 250, or whatever the number is?

Mr. **Dertadian**. We have essentially two groups that will be in FBO on the oversight side. One group will be a senior management group attached to the Director for Capital Programs. There will be management staff that will have to make major management decisions. We have individual project teams, interdisciplinary—architects, engineers, contract people, interior designers, and so forth. They will be assigned to each individual project, but they can handle four, or five, or six, or seven projects each. They can be on six or seven teams. They will be reviewing all the work that is being done in every phase on those individual projects and they will be reviewing the work of the private sector program managers.

In other words, the bulk of the work is going to be done by our program managers and the private sector .

Mr. **Gilman**. You are prepared, then, to take on 250, or whatever it is, construction projects without adding any additional professional help in your office?

Mr. **Dertadian**. We have be asking for about 177 additional employees.

Mr. **Gilman**. That is what I asked you, whether you are going to be able to do it with your existing personnel. Now, of these 177 additional employees, how many of them will be professional?

Mr. **Dertadian**. I would say, again, about 75 percent of them.

Mr. **Gilman**. Have you asked for that now? Is that in your new request under the new appropriation measures going in?

Mr. **Dertadian**. That will be in our supplemental request, yes, sir.

Mr. **Gilman**. Supplemental request?

Mr. **Dertadian**. Yes, the request that's associated with the program we are talking about.

Mr. **Gilman**. When will that be submitted?

Mr. **Mica**. That's the one we are waiting for.

Mr. **Gilman**. Is it now in OMB?

Mr. **Dertadian**. It is now in OMB, sir.

Mr. **Gilman**. Do you have favorable consideration in OMB, do you know?

Mr. **Dertadian**. As of now, in terms of my dealings with OMB on this, every dealing I have had with them on the program has been favorable.

Mr. **Gilman**. It has been favorable up to now?

Mr. **Dertadian**. My dealings with them in this program.

Mr. **Gilman**. In looking at the American Institute of Architects proposals, they say the development of objective criteria are going to be important, to get some good, sound criteria. Have you developed those now?

Mr. **Dertadian**. We have criteria—we are going to be doing more with it in terms of integrating it. The National Academy of Sciences is undertaking a major research study for us. Their recommendations will be out in January. This is one of their major recommendations. We are already contracting with someone in the private sector to implement those recommendations.

Mr. **Gilman**. So at this point, you haven't developed the standard criteria yet?

Mr. **Dertadian**. We have standard criteria, sir. They have to be integrated and they have to be further extended. That will be finished before we start this program.

Mr. **Gilman**. When do you intend to go out to bid?

Mr. **Dertadian**. The day after we get the money, we can——

Mr. **Gilman**. Well, assume you get the money in this supplemental, when do you intend to put these projects out to bid?

Mr. **Dertadian**. I will be putting about 11 immediately out to bid for design or design build.

Mr. **Gilman**. So assume that the supplemental goes through the early part of the year, then we are talking about 1989; is that what we are talking about, for completion of the first project?

Mr. **Dertadian**. Yes, sir.

Mr. **Gilman**. And we hope and pray that nothing happens until then.

Mr. **Dertadian**. Yes, indeed, we do, sir.

Mr. **Gilman**. Isn't there any way to expedite this process without doing harm to quality?

Mr. **Dertadian**. Yes, there is, and we plan to do that. We plan to use the design build and other fast track methodologies. We plan to use everything we have heard about within the industry, from the private sector, from other Government agencies on accelerated methods for design and construction.

Mr. **Gilman**. I note, too, that we have some concerns being expressed by our American firms, contractors, and professionals about trying to give them some opportunity to have first crack at this.

Are you doing anything in that direction?

Mr. **Dertadian**. We will do everything we can, because we like to have American contractors as well. We will do everything we can within the law and within the requirement for competition. Yes, we certainly are favorable to it.

Mr. **Gilman**. Thank you. I see my time is expired. Thank you, Mr. Chairman.

Mr. **Mica**. I might just commend the gentleman. You have elicited the first response in 4 months that there is favorable consider-

'EST COPY AVAILABIF

ation from OMB and we will ask you to elaborate on that in a few minutes.

Mr. McCain.

Mr. **McCain**. Thank you, Mr. Chairman.

Mr. Dertadian, in our zeal here to see that things are expedited and work begins, and all that, you are asking for 177 new employees; is my understanding to your response correct?

Mr. **Dertadian**. Yes, sir.

Mr. **McCain**. I certainly hope we are not now setting up an appendix of the State Department which is going to be a new architectural and engineering organization. Is that now your intent?

Mr. **Dertadian**. No, sir.

Mr. **McCain**. And, with all due respect to my colleague from New York, sheer numbers of employees doesn't necessarily mean greater efficiency. In fact, an argument can be made to a certain degree, that a smaller number of employees is sometimes desirable for the most efficient organization. I hope that in our zeal we don't perform oversight to the degree where we continue the delays which you have mentioned in your testimony, which have been all too customary.

You mentioned that you were, quote, "ready to go in the spring." How much money would you need? I understand the Inman recommendation is a total of $4 billion. How much money would you need to get ready to go in the spring? A rough estimate.

Mr. **Dertadian**. The way we have approached our requirements, sir, is full funding, not just what we can do piecemeal.

Mr. **McCain**. You don't expect the $4 billion all at once?

Mr. **Dertadian**. No, sir.

Mr. **McCain**. How much would you like to start with, would be the optimum amount of money to start with?

Mr. **Dertadian**. I would like to start with at least $1 billion.

Mr. **McCain**. $1 billion. Thank you.

I am very concerned, as my colleague from New York just mentioned, about the American contractor. I don't mean to imply that American contractors are all perfect nor have they not made mistakes in the past. I saw numerous grievous errors and overruns during the Vietnam situation where a whole lot of people got very, very, very wealthy.

But I would also submit that our track record, as far as regards to foreign contractors—the Egyptian Embassy is one example—has been less satisfactory than when we employ American contractors. Would you agree with that as a general premise?

Mr. **Dertadian**. Yes, particularly in terms of the examples you cite.

Mr. **McCain**. What incentives can we emplace to see that the American contractors are competitive, knowing full well that American contractors do better work, as I mentioned, than foreign contractors do? What incentives do you want in place so that American contractors can compete on a level playing field?

Mr. **Dertadian**. Sir, there are already, of course, some incentives. They have a 10-percent advantage——

Mr. **McCain**. The Percy?

Mr. **Dertadian**. Yes, the Percy amendment. We already have significantly upgraded our qualifications requirements for construction contractors. That eliminates a lot of people who should not be bidding on our projects who may have been able to get some of our awards before. I think that does give an advantage to our strong American contractors as well.

It is very difficult for me to suggest to you other ways. I think the industry certainly will, and can, because legislation is required, as far as I know, to change the competitive process in bidding. We certainly are ready, willing, and able to implement what legislation is given to us.

Mr. McCain. Would you be supportive of further legislation which would place additional incentives for American contractors to compete for what is going to be a very sizable amount of contracts?

Mr. Dertadian. That is difficult for me to answer. In principle, yes. But to the degree it relates to cost, I think we all, as people who are involved with the Government, have to balance the costs against the benefits.

Mr. McCain. Of course.

Mr. Dertadian. I am not really in a position to do that.

Mr. McCain. I understand that.

I would just like to also go back to something you mentioned. You said that in the Egyptian Embassy, the decision was made to use foreign currency to pay for that project?

Mr. Dertadian. Yes, sir.

Mr. McCain. We don't contemplate to do that anymore?

Mr. Dertadian. Not in Egypt.

Mr. McCain. Anywhere in the world?

Mr. Dertadian. We are doing that, to a very small extent, in India.

Mr. McCain. Why would we want to do that?

Mr. Dertadian. Because we have excess foreign currency in a few countries, and it is not doing anything for us.

Mr. McCain. In the United States.

Mr. Dertadian. The U.S. Government has.

I would like to move to a point where we don't use it at all. However, where I feel that we are able to get the kind of expertise and still use the currency, we will look at it. We are using it to a very minimal extent. I don't think we will be using it hardly at all in the future.

Mr. McCain. It just appears to me in this present time when the dollar is so strong it would be immensely to our advantage to use American currency. I understand the problem with the outflow of dollars but the benefits we would get at this time, it seems to me, would be a compelling reason to use American currency rather than foreign currency.

Mr. Dertadian. I fully agree, yes.

Mr. McCain. I hope that we can get you started. I do understand the reason why it would take 32 months and a total of 7 years to complete 210 projects. I just hope that you will make every effort to stay on that schedule. I think that if you are able to, it will be a tremendous success story. I am afraid that if you can't, that we are going to be seeing a lot more of you.

Thank you, Mr. Chairman.

Mr. Mica. Thank you.

The subcommittee would like to welcome a member who is not on the subcommittee but sits on the full Foreign Affairs Committee, Mr. Burton. Glad to have you with us.

Mr. Burton. I appreciate you allowing me an opportunity to ask a question or two, Mr. Chairman. I think I will just put all of my questions into one and you can answer it.

I think Mr. Gilman of New York, like all of us, is very concerned about acts of terrorism. We recall very vividly what happened when they were constructing the Embassy and relocating it in Beirut, and there was no fence put up or no barrier, and the terrorists went in there with a truckload of dynamite and blew up the front of it.

I have two questions. First of all, while the new construction is going on and while you are working on these projects, have they taken precautions at all of the Embassy sites around the world to make sure that that type of terrorist activity does not occur in the future? Have they put up concrete barriers? And where they don't have those, have they put up fences that are substantial enough to keep a terrorist from driving through?

Mr. Dertadian. Yes, sir. We have major security upgrade programs that are going on all over they world. They have been going on for several years. We have substantial sums of money dedicated to that.

Mr. Burton. Have they been completed?

Mr. Dertadian. Many have been completed, others are ongoing, and others will be started. It is an ongoing program.

Mr. Burton. OK. Where they have not been completed, have they done the minimal amount of work that is necessary to protect the embassies and the embassy personnel from a bomb, truck bomb type of attack?

Mr. Dertadian. I am not from the Bureau of Diplomatic Security which has the program responsibility, but we are involved because when it involves construction we get involved.

Mr. Burton. Could you find out and let us know? I personally would like to know if there are any embassies where they still have not yet upgraded those to a minimal level to keep that type of activity from happening.

Mr. Dertadian. Yes, sir. To my knowledge, we have, but I would prefer that they would answer.

Mr. Burton. The only other question that I have is, you have a number of multistory Embassies around the world, I presume. How do you protect those against acts of terrorism like this?

Mr. Dertadian. Our security standards, basically, are based on three kinds of threats, although we are looking at future threat possibilities, too, and trying to incorporate that into our designs—but they are essentially bomb blasts, mob violence, and technological penetration. Our standards are such, based on research that has been done for us by the private sector and by the other Government agencies as well, are meant to counteract that. It is possible to have a building of several floors and still counteract that, although we prefer not to. We look for sites where we don't have to build too high.

But our standards are set to counteract the kinds of violence, for our new buildings, that you are talking about.

Mr. **Burton**. I just might make one comment, and I know that you have these projects already under way—how many stories is that one in Egypt? Thirty stories?

Mr. **Dertadian**. No, sir, it's, I think, 15.

Mr. **Burton**. Fifteen stories?

Mr. **Dertadian**. Yes.

Mr. **Burton**. It just seems to me with all of the types of rockets, and launchers, and other type of explosive weapons that are available to terrorists today, that almost any multistory building is at risk. It just seems to me that when we start looking at new embassies and new projects, in order to protect them, maybe they should review the possibility of lower structures, smaller structures, maybe more of them in a given area, so they would be better protected.

Mr. **Dertadian**. That is part of our standard in terms of our new design and construction, in terms of the Inman Program we are talking about, we are not looking to build high multistory buildings.

Mr. **Burton**. Thank you, Mr. Chairman.

Mr. **Mica**. Thank you.

We have a vote pending right now. Here is how the Chair would intend to proceed: In just a moment we will take about a 10-minute recess. Mr. Dertadian, I must tell you, we are going to have to build, I think, a much more indepth public record of the role that you are taking and how you intend to proceed. We would like to go over some of these charts. We would like to go over your expectations and the percentage of private sector involvement, how you intend to proceed in the interim before we get the package. I definitely want to hear how favorably OMB is looking at this. But we are under a time constraint and will have to end this entire hearing by noon.

So what we will do is take a 10-minute recess. Maybe I will come back and ask you a little bit about OMB, and then we will bring our other panel up, have questions, and we will have to have you back for at least one more public session and then a closed session to cover the security aspects.

The subcommittee stands recessed for 10 minutes.

[Recess.]

Mr. **Mica**. The subcommittee will come to order.

Let's go ahead. I am going to take the liberty of starting without Ms. Snowe.

I would like to quickly just ask you to share your visits with OMB. What day will we get the package?

Mr. **Dertadian**. I don't know, sir.

Mr. **Mica**. What week will we get the package?

Mr. **Dertadian**. I don't know at all when you will get the package?

Mr. **Mica**. What month will we get the package? Any idea? What year?

Mr. **Dertadian**. I wish I knew. I don't know, sir.

Mr. **Mica**. It is your feeling, though, you have had discussions with them, that they will be sending out a package and it will be somewhat close to what we are looking at? Would that be a generally correct assessment?

Mr. **Dertadian**. That is my view, yes. You know, we have presented the package to them. The response was not unfavorable.

Mr. **Mica**. Can you identify, not for the record, but in your mind, any individual or group of individuals at OMB that are opposing the Inman package?

Mr. **Dertadian**. No, sir.

Mr. **Mica**. Along that same line, is there anybody you know of, in or out of OMB, that is opposing the package?

Mr. **Dertadian**. No, sir. I haven't met anybody who is opposed to it.

Mr. **Mica**. Has anyone approached your agency, any other agency, asking that their agency be exempted from any requirements of the Inman package?

Mr. **Dertadian**. No, sir.

Mr. **Mica**. I guess the best summary of my impression, and correct me if I am wrong, is that over at OMB everybody is favorable. It looks like it is going to move. They are trying to get their numbers together, and you expect that they will get it out as quickly as possible?

Mr. **Dertadian**. I expect so, sir, yes.

Mr. **Mica**. Has there been any active push by the White House to move this package?

Mr. **Dertadian**. I don't know.

Mr. **Mica**. To speed it up?

Mr. **Dertadian**. I honestly don't know.

Mr. **Mica**. You have no indication.

I appreciate that, and I must tell you, we would like to hear your explanation of these charts that we have seen here. And we would also like to go into some depth as to how you intend to proceed on some specifics. But because of the time constraints, we are just going to have to stop here. I would like to leave the record open at this point for questions to be submitted by members of the committee, and we would ask that you answer the questions as quickly as possible in writing, and we will submit them.[1]

Again, I will reiterate what I said earlier, I am pleased, at least, at the initial direction. It seems to be a consensus that major private sector involvement is about the only way to go on this, and that we have established a first step here. As you have heard from my colleagues, there are concerns about the speed, the timing. This committee has been sitting on a list, a classified list, of high-risk posts that we all know are powder boxes, potential time bombs, and we would like to see something done about it.

I would just tell you, or anyone else in the room that has any influence with the White House—this committee has tried to get the President and those at OMB, as well as anybody at the State Department who has any additional authority, to try to get us that package as quickly as possible. We can move the way we are moving. It makes it a lot more difficult to do it without the President really out there behind us. A great number of members are skittish about a program of this size turning into some kind of a political football unless we have total bipartisan support from top to bottom.

---

[1] See app. 3.

With that, I thank you. We appreciate your being with us. We will be calling you back.

Mr. **Dertadian**. Thank you.

Mr. **Mica**. At this time I would like to call the additional three witnesses: Mr. Frank Warren of the Associated General Contractors; Mr. Robert Messmer of the American Institute of Architects; and Mr. William J. Birkhofer, American Consulting Engineers Council. I would tell each of you, if I may, together, that your written testimony will be submitted in its entirety for the record. Not only do I invite you to summarize, I have to demand that you summarize your statements and make the salient points as quickly as possible because we will have to vacate this room at 12 o'clock.

Would you, Mr. Warren, please proceed?

STATEMENT OF FRANK M. WARREN, JR., CHAIRMAN, INTERNATIONAL CONSTRUCTION COMMITTEE, ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Mr. **Warren**. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee:

As you know, I am Frank Warren, president of J.A. Jones Construction Co. of Charlotte, NC. I will skip the commercial of J.A. Jones in deference to the chairman's request, although that is a very difficult thing to do.

I am here today as chairman of the International Construction Committee of the Associated General Contractors of America. This committee represents all of the major U.S. general contracting firms engaged in overseas construction work.

Mr. **Mica**. Let the record show that J.A. Jones is one of the largest construction companies in the United States. Please proceed.

Mr. **Warren**. Thank you, Mr. Chairman.

[Laughter.]

Mr. **Mica**. All right, I try to be helpful.

Mr. **Warren**. One of the oldest, 95 years old.

We would very much like to thank you and the members of the committee for the support you have given the U.S. construction industry in the past, and particularly for the Percy amendment, which is intended to put U.S. contractors on a more equal footing with foreign companies engaged in overseas construction.

This Percy amendment has been somewhat helpful in that it has given a message, given the intent to the State Department and we think the Percy amendment, when combined with some of the problems that have arisen from using foreign contractors, and some management changes in the State Department, have greatly improved the attitude between the State Department and U.S. contractors.

The $3½ billion Embassy Security Building Program that this Inman Panel is recommending and that we are meeting here today about is something that is of vital concern to us. The security and the schedule aspects of this program, and the quality aspects of it all are such that we think that this demands that the program be restricted exclusively to U.S. contractors in the main.

As you have requested, I will not read our testimony but the U.S. construction industry has stood by the Government in all of its overseas construction requirements of an emergency nature through the years, from World War II, Korean war, and other countries around the globe, whenever called on without much notice. This group of contractors operating overseas is a dying breed. There is a great security aspect to this country of having this kind of talent available in time of emergency. In today's tilted playing field in the international arena, this will not happen unless we have some additional legislation in connection with this Inman report.

As you know, the U.S. construction industry generates a lot of money for our economy. We have a study here that was commissioned by the International Engineering and Construction Industries Council. It is a study that was conducted by Price Waterhouse. It documents the return to the U.S. economy of U.S. exports of architectural, engineering and construction services.

The study determined that the architectural, engineering and construction exports in 1983 resulted in a return of $11 billion to the U.S. economy and was responsible for 261,000 American jobs, and generated more than $1 billion in Federal income tax.

I am submitting herewith a copy of this study for the record, Mr. Chairman.

Mr. **MICA**. Without objection, the entire study will be included in the record.[1]

Mr. **WARREN**. Thank you.

These remarks that I am about to make are not included in the remarks for the record, I would like them to supplement those remarks. Also, they address the questions and answers that we heard this morning on the subject of costs of U.S. construction firms engaged in this kind of work relative to cost of using foreign firms.

The present U.S. Government rules, regulations, and laws that control the conduct of how the Foreign Buildings Office can evaluate bids and award contracts is such that they really are not allowed to evaluate all the aspects of the ultimate cost to the taxpayer. Their present regulations require a pretty simplistic view which just compares one bid with another. It does not take into consideration the Federal income taxes that a U.S. contractor would pay if the U.S. contractor were doing the work. And that money, of course, would not be paid to the U.S. Treasury if a foreign contractor did it.

It does not consider the jobs that would be generated in the United States if a U.S. contractor did it as opposed to a foreign contractor.

It does not require or allow the FBO to evaluate the implications of a trade imbalance, the trade deficit, and the payments deficit of this country.

So when you talk about costs of a program like this, you have to take those considerations into account for the long run. Unfortunately, the FBO cannot do that under their present guidelines.

---

[1] The study referred to can be found in committee files.

We think that this program, because of those reasons and other reasons, to fix the accountability for the program for on-time construction, to fix the accountability of the program for on-budget construction, we think it needs a unique approach that is going to require some legislative help in order for the State Department to accomplish it. As I said, I think we are going to have to restrict the program in the main to U.S. contractors in order to achieve that.

The turnkey efforts that the Inman report recommends, the critical path scheduling that has been talked about so much here today, the computerized methods, all of these programs, U.S. contractors are absolute leaders in all of those areas, and developed those programs. That's another reason why this great American resource should be brought to bear on this problem.

Mr. Chairman, our U.S. construction industry is ready, willing, and able to tackle the Embassy Security Building Program. Involving U.S. contractors to the maximum extent possible can only benefit all concerned.

We ask your support and the committee's support in ensuring that this vital program stays in American hands to the fullest extent possible.

Thank you very much for the opportunity to be here. I will be delighted to answer any questions that you may have.

[The statement of Mr. Warren follows:]

Prepared Statement of Frank M. Warren Jr., The Associated General Contractors of America

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

MY NAME IS FRANK M. WARREN, JR. I AM PRESIDENT OF THE J. A. JONES CONSTRUCTION COMPANY OF CHARLOTTE, NORTH CAROLINA. J. A. JONES IS ONE OF THE LARGEST CONSTRUCTION COMPANIES IN THE UNITED STATES, WITH A SUBSTANTIAL VOLUME OF WORK IN PROGRESS BOTH IN THE U. S. AND IN A NUMBER OF OVERSEAS COUNTRIES. WE HAVE BEEN INVOLVED IN EMBASSY CONSTRUCTION PROJECTS FOR THE STATE DEPARTMENT IN SEVERAL COUNTRIES: GHANA, SOMALIA, EGYPT AND COLOMBIA, TO NAME A FEW.

I AM HERE TODAY AS CHAIRMAN OF THE INTERNATIONAL CONSTRUCTION COMMITTEE OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA. THIS COMMITTEE REPRESENTS THE MAJOR U. S. GENERAL CONTRACTING FIRMS ENGAGED IN OVERSEAS CONSTRUCTION WORK.

MR. CHAIRMAN, I WOULD FIRST LIKE TO THANK YOU AND THE MEMBERS OF YOUR COMMITTEE FOR THE SUPPORT YOU HAVE GIVEN US IN THE PAST IN HELPING TO GIVE U. S. CONTRACTORS THE OPPORTUNITY TO COMPETE ON A MORE EQUAL FOOTING WITH FOREIGN COMPANIES ON OVERSEAS PROJECTS.

THE PERCY AMENDMENT TO THE FOREIGN SERVICE BUILDINGS ACT OF 1926, WHICH GIVES U. S. CONTRACTORS A 10 PERCENT PREFERENCE ON U. S. EMBASSY BUILDING PROJECTS OVER $5 MILLION AND PROHIBITS BIDDING BY CONTRACTORS FROM THOSE NATIONS WHICH DO NOT ALLOW U. S. FIRMS TO BID ON THEIR EMBASSY WORK, HAS BEEN SOMEWHAT HELPFUL TO THE U. S. CONSTRUCTION INDUSTRY. IT HAS ALSO LED TO A MUCH BETTER RELATIONSHIP BETWEEN AMERICAN CONTRACTORS AND

THE STATE DEPARTMENT'S FOREIGN BUILDINGS OFFICE.

DURING THE PAST YEAR, THE OFFICE OF SECURITY OPERATIONS IN THE STATE DEPARTMENT HAS ALSO NEGOTIATED CONTRACTS EXCLUSIVELY WITH AMERICAN CONSTRUCTION COMPANIES TO PERFORM SECURITY RELATED WORK AT NUMEROUS EMBASSIES AROUND THE WORLD. THIS PRACTICE HAS WORKED WELL - FOR BOTH THE STATE DEPARTMENT AND U. S. CONTRACTORS - AND IS WELCOMED BY THE U. S. CONSTRUCTION INDUSTRY.

THE $3.5 BILLION EMBASSY SECURITY BUILDING PROGRAM RECOMMENDED BY THE INMAN PANEL IS A SUBJECT OF VITAL CONCERN TO THE U. S. CONSTRUCTION INDUSTRY. WHILE THE PERCY AMENDMENT HAS GIVEN U. S. CONTRACTORS GREATER OPPORTUNITIES TO DO ROUTINE EMBASSY CONSTRUCTION AND RENOVATION WORK, WE BELIEVE THIS MASSIVE NEW SECURITY CONSTRUCTION PROGRAM REQUIRES A UNIQUE APPROACH. THE ASSOCIATED GENERAL CONTRACTORS BELIEVES THAT CONSTRUCTION PROJECTS CARRIED OUT AS PART OF THIS PROGRAM, WITH FUNDS PROVIDED EXCLUSIVELY BY AMERICAN TAXPAYERS, SHOULD BE PERFORMED -- IN THE MAIN -- EXCLUSIVELY BY AMERICAN CONTRACTORS.

THERE ARE A NUMBER OF COMPELLING REASONS FOR AMERICAN CONTRACTORS TO BE AWARDED THIS WORK: THE FIRST OF THESE GOES STRAIGHT TO THE HEART OF THE ENTIRE PROGRAM - SECURITY. THE INMAN REPORT OUTLINES A FRIGHTENING SPECTER OF DEFICIENCIES IN EMBASSY SECURITY CONDITIONS. IT ALSO DESCRIBES A THREAT OF UNPRECEDENTED MAGNITUDE TO AMERICAN DIPLOMATS AND STATE DEPARTMENT FACILITIES OVERSEAS. THE THREAT, AS YOU ARE AWARE, IS TWO-PRONGED, INVOLVING BOTH PHYSICAL AND ELECTRONIC SECURITY ASPECTS. USE OF AMERICAN CONTRACTORS ON THESE JOBS IS THE BEST WAY TO INSURE THAT THE NECESSARY SECURITY PRECAUTIONS WILL BE TAKEN DURING CONSTRUCTION AND THAT

THE STRINGENT OVERALL SECURITY REQUIREMENTS OF THESE PROJECTS WILL BE COMPLIED WITH.

ANOTHER SECURITY RELATED ASPECT CONCERNS THE MILITARY AND DIPLOMATIC ADVANTAGES OF HAVING U. S. CONSTRUCTORS WHO ARE EXPERIENCED IN INTERNATIONAL CONSTRUCTION WORK AVAILABLE TO HANDLE FUTURE U. S. DIPLOMATIC OR MILITARY CONSTRUCTION NEEDS OVERSEAS IN TIMES OF EMERGENCY. OUR INDUSTRY HAS BEEN AVAILABLE TO ASSIST OUR GOVERNMENT IN VIETNAM AND OTHER SOUTHEAST ASIAN COUNTRIES, THE MIDDLE EAST, AND AROUND THE GLOBE WHEN CALLED ON -- SOMETIMES WITHOUT MUCH NOTICE. I HARDLY THINK THAT SOME OF OUR FOREIGN COMPETITORS COULD BE COUNTED ON TO COME TO OUR COUNTRY'S AID UNDER THOSE CONDITIONS.

A 1985 PRICE WATERHOUSE STUDY COMMISSIONED BY THE INTERNATIONAL ENGINEERING AND CONSTRUCTION INDUSTRIES COUNCIL DOCUMENTS THE RETURN TO THE U. S. ECONOMY OF U. S. EXPORTS OF ARCHITECTURAL, ENGINEERING, AND CONSTRUCTION (AEC) SERVICES. THE STUDY DETERMINED THAT AEC EXPORTS IN 1983 RESULTED IN A RETURN OF $11 BILLION TO THE U. S. ECONOMY, WERE RESPONSIBLE FOR 261,000 AMERICAN JOBS AND GENERATED MORE THAN $1 BILLION IN FEDERAL INCOME TAXES. I AM ENCLOSING A COPY OF THIS STUDY FOR THE RECORD.

THESE BILLIONS GENERATED FOR OUR ECONOMY, HOWEVER, ARE BECOMING LESS AND LESS BECAUSE OF ADVANTAGES GIVEN BY FOREIGN GOVERNMENTS TO THEIR CONTRACTORS. WITH THE CURRENT TILTED PLAYING FIELD CAUSED BY THESE GOVERNMENTS, U.S.-BASED CONTRACTORS ARE BECOMING A DYING BREED AND SO IS THE TRADE THEY DEVELOPED. UNLESS SOME MEASURES ARE TAKEN TO LEVEL UP THE PLAYING FIELD, THERE MAY NOT BE ANY AMERICAN CONTRACTORS LEFT WHO ARE ABLE TO COMPETE

IN OVERSEAS MARKETS WITHIN A FEW YEARS. THE COMPETITIVE SITUATION HAS BEEN TILTED BY THE WRITTEN AND UNWRITTEN SUPPORTS AND INCENTIVES THAT ARE PROVIDED TO FOREIGN CONTRACTORS BY THEIR HOME COUNTRIES.

THE URGENCY OF THE PROGRAM IS ANOTHER FACTOR IN FAVOR OF U. S. CONTRACTORS. OUR COMPANIES HAVE PROVEN TRACK RECORDS ON FBO WORK. THEY HAVE REPEATEDLY PROVIDED KNOW-HOW AND TECHNICAL SKILLS IN A TIMELY MANNER. THE STATE DEPARTMENT AND OUR GOVERNMENT CAN'T AFFORD DEFAULTS, DELAYS, AND OTHER PROBLEMS THAT HAVE OCCASIONALLY RESULTED FROM CONTRACTS WITH FOREIGN CONSTRUCTION COMPANIES.

AND SPEAKING OF URGENCY, THE USE OF AMERICAN CONTRACTORS SUPPORTS THE INMAN COMMITTEE RECOMMENDATIONS, WHICH CALL FOR EXPANDED USE OF CONTRACTING METHODS THAT SPEED THE PROCESS OF QUALITY DESIGN AND CONSTRUCTION AND FIX ACCOUNTABILITY. U. S. CONTRACTORS ARE THE LEADERS IN THE "TURNKEY" RESPONSIBILITY AND "CRITICAL PATH" MANAGEMENT METHODS CALLED FOR IN THE REPORT.

CRITICAL ADMINISTRATIVE TIME CAN BE SAVED USING THE "TURNKEY" CONCEPT AS IT IS USED IN AMERICAN BUSINESS TODAY. THIS SINGLE CONTRACT RESPONSIBILITY FOR PROJECT DESIGN, CONSTRUCTION, AND TURNOVER PROMOTES EARLIER BUILDING AND LESS OWNER ADMINISTRATION. THE SINGLE SOURCE ACCOUNTABILITY OF THE DESIGN/BUILD TEAM ALLOWS THE OWNER TO CONCENTRATE ON HIS OVERALL PROGRAM WITHOUT BEING BURDENED BY DETAIL MANAGEMENT.

THE "TURNKEY" EFFORT WHEN COUPLED WITH CPM OR "CRITICAL PATH" SCHEDULING PRODUCES THE BEST KNOWN METHOD TO RESPONSIBLY EXPEDITE CONSTRUCTION. THE DEVELOPERS OF THIS METHOD AND THE WORLD'S BEST PRACTITIONERS OF IT ARE IN THE U. S. CONSTRUCTION

INDUSTRY. WE ASK THAT THIS GREAT AMERICAN RESOURCE BE BROUGHT TO BEAR ON THIS CRITICAL NATIONAL PROBLEM.

MR. CHAIRMAN, THE U. S. CONSTRUCTION INDUSTRY IS READY, WILLING, AND ABLE TO TACKLE THE EMBASSY SECURITY BUILDING PROGRAM. INVOLVING U. S. CONTRACTORS TO THE MAXIMUM EXTENT CAN ONLY BENEFIT ALL CONCERNED: AMERICAN CONTRACTORS, THE STATE DEPARTMENT AND THE U. S. ECONOMY.

WE ASK YOUR SUPPORT AND THE COMMITTEE'S SUPPORT IN ENSURING THAT THIS VITAL PROGRAM - UPON WHICH THOUSANDS OF AMERICAN LIVES MAY DEPEND - STAYS IN AMERICAN HANDS. MR. CHAIRMAN, I WOULD BE HAPPY TO ANSWER ANY QUESTIONS POSED BY THE COMMITTEE ON THIS SUBJECT.

Mr. MICA. We will proceed with each of the panelists before getting into questions, but you might think about what you would recommend as the most effective management approach to this problem.

Mr. Messmer, please.

STATEMENT OF ROBERT F. MESSMER, REPRESENTING THE AMERICAN INSTITUTE OF ARCHITECTS

Mr. MESSMER. I will restrict my comments to 5 minutes flat.

Mr. MICA. All right.

Mr. MESSMER. Thanks for allowing the American Institute of Architects, and my profession, the opportunity to offer advice regarding one of the most threatening issues facing Americans.

I am a senior vice president of the architectural firm of Hellmuth, Obata & Kassabum [HOK], and also a director of Security Source One, a design, equipment and building firm which is parented by HOK, Norman Industries, a security equipment firm, and one of the largest contractors in the country, Blount Construction.

Both organizations have considerable experience in embassy and security work. SSO, in fact, is currently designing and will construct, when given the go-ahead by the Department of Defense, the perimeter security enhancement of four of our Embassy facilities, in San Jose, Panama City, Tegucigalpah and Guatemala City.

The AIA would like to commend the Congress for holding these important and timely hearings.

Terrorism is a fact of life that will remain part of the international scene for the foreseeable future. And for many nations, their most devasting form of warfare.

Because of their special design skills, architects have a central role to play in our response to terrorism.

The architect must answer many competing, difficult-to-reconcile demands. Buildings must be made secure against a variety of threats, such as explosives, sabotage and sniper attack. At the same time, the buildings must be sensitive to their immediate surroundings and to the national context of their host countries.

The architect faces the multiple challenges of securing buildings against terrorist attacks while making them work as offices or residences, advancing sound architectural values and principles, and promoting through each project, positive diplomatic expressions of the United States' good will.

Since a building is composed of many components and systems, many of which are highly sophisticated, the interaction of these elements as they accomplish their disparate functions has great significance for a building's ability to withstand threats.

Architects with security consciousness can successfully produce the answers to the variety of building security problems. As a lesson for overseas construction programs, the newest security feature surrounding the White House and our Capitol, consisting of unsightly concrete barriers, reveal concern for security unmatched by success in making these additions complement the buildings they protect. Unfortunately, in the opinion of some, these barriers don't even provide very good protection. In presenting a warning against potential attack, these barriers turn a cold, foreboding face to the American public. They diminish the special quality of these buildings as unique structures symbolizing American democracy. In so doing, they deprive the city residents and visitors of an architectural experience closely related to their experience as American citizens. The White House today looks imprisoned in its own ring of concrete. This does not have to be. Good architecture and good security are not mutually exclusive.

In response to the frequent incidence of terrorist attack on U.S. overseas diplomatic facilities, and the vulnerability of these facilities, the Secretary of State appointed the Advisory Panel on Overseas Security. An important focus of the Panel's report is a vigorous, expanded program of new construction and renovation of the Embassy buildings.

The AIA supports the general thrust of the Inman report which has highlighted the importance of improved physical security at U.S. facilities abroad, and we endorse the building program with the understanding that heightened building security is a factor of appropriate overall architectural design.

Some have considered the establishment of prototype buildings as an appropriate security measure. We do not believe that this is a good idea. On the one hand, a prototype would be too restrictive to allow for necessary design solutions for specific buildings problems. On the other, a prototype would offer such general guidelines as to be irrelevant to specific projects.

The Cairo Ambassador's residence was specifically designed for that site, and yet—you know the problems better than I do—if that was a prototype Ambassador's residence, it simply would have been 10 times worse.

The Inman report has important implications for the way the Foreign Buildings Office procures architectural services. That Office has typically overseen only a few projects in any given year. If the Federal Government undertakes this massive building program envisioned by the Inman report, the Office will oversee as many as 20 to 30 major projects a year. The impact of this tenfold increase in demand on that Office must be carefully assessed, because the successful implementation of the building program depends on its ability to accept that demand.

The State Department's capacity to undertake additional building design projects must be developed simultaneously with the resources to procure quality architectural services. Design services represent only a small portion of initial construction costs, yet the quality of design services plays a major role in determining the life cycle costs of the building. Since construction costs are themselves only one-seventh of the building's total costs over a 40-year life expectancy, the value of quality design is considerable.

The present system of architect selection should remain as the cornerstone of the Department's building design process. However, it may be possible to better standardize internal working procedures and develop more efficient reviews as the Inman report recommends.

A prospect of undertaking many new projects over the next few years offers new opportunities to explore alternative procurement methods and to qualify additional architects for the work. The temptation will be to look for the easiest or the cheapest solution. Experience, however, has proven that few shortcuts exist to successful procurement by the public sector.

Fast track methods offer a beguiling way to accelerate the foreign building program, but they are not simple to execute, nor do they guarantee success. The lessons of Federal procurement suggest that a definitive scope of work, the selection of highly qualified firms and diligent contract monitoring are essential elements of successful design projects which cannot be compromised.

One last area that the Inman report did not specifically address is the need for increased research and development. To be successful, design must depend on advances in technology and communication and less on physical barriers and warning signs. The foreign building program poses many unique security problems, but their solution depends upon a substantial investment in building research.

We stand ready, the architects of the country, to work with you in any way we can to assure that the physical presence of the United States overseas, expressed through its facilities, will incorporate building designs and represent good security and good architecture.

Thank you.

[The statement of Mr. Messmer follows:]

Prepared Statement of Robert Messmer, Representing the American Institute of Architects

Mr. Chairman and Members of the Subcommittee, my name is Robert F. Messmer, AIA. I am here today to present the views of the American Institute of Architects, the professional association representing the nation's architects, on the architects' response to international terrorism involving U.S. government non-military facilities overseas. I am senior vice president of the architectural firm of Hellmuth, Obata & Kassabaum, Inc. (HOK) based in St. Louis, Missouri and also a Director of Security Source One, (SSO) A Design/Equip/Build Firm parented by HOK, Blount Construction and Norment Industries. Both organizations have considerable experience in embassy and security work. We are currently designing the perimeter security enhancement of our embassy facilities in San Jose, Panama City, Tegucigalpah and Guatemala City.

The AIA would like to commend you and the Subcommittee for holding these important and timely hearings. Hardly a week goes by without news of another terrorist strike against Americans, often at U.S. facilities overseas. Embassies and chanceries, as well as buildings occupied by such agencies as USAID and USIA, have served as targets of choice and of opportunity for radical elements often willing to trade their lives for the chance to make a fleeting political statement.

In recent years, the incidence of international terrorism has increased dramatically. According to one survey, in 1972 there were 206 separate domestic and international terrorist attacks worldwide, compared to 3525 attacks in 1984. State Department figures for 1983 indicate that international attacks against U.S. citizens and property alone exceeded total worldwide incidences for 1972.

Terrorism is a fact of life that will remain part of the international scene for the foreseeable future. And for many nations, their most effective form of warfare. As a frequent target, the United States must respond to the threats -- for the safety of its citizens, for the success of its diplomacy, and for its integrity as a sovereign nation.

Because of their special design skills, architects have a central role to play in our response to terrorism. The architect selected to design a foreign facility will be the key player in eliminating many of the unknowns before problems occur. The architect's role is to define and communicate the facility's size, functions, and costs. This definition process--assessing needs and defining the scope of the project--becomes the basis for the architectural program, conceptual drawings, and specifications from which the facility will be constructed. The architect serves as creative director, advisor and coordinator as the project moves to completion.

The architect must answer many competing, difficult-to-reconcile demands. Buildings, whether new or existing, must be made secure against a variety of threats, such as explosive vehicles, sabotage, and sniper attack, to name a few. At the same time, the buildings must be sensitive to their immediate surroundings and to the national context of their host countries. As the policy developed in 1954 for the State Department's Foreign Buildings Office states, "These facilities should create good will because of their excellent architectural design and their appropriateness to the site and country..." And, of course, the buildings must function as efficient places to do business or as suitable places for U.S. personnel to live. In short, the architect faces the multiple challenges of securing buildings against terrorist attacks while making them work as offices or residences, advancing sound architectural values and principles, and promoting through each project, positive diplomatic expressions of the United States' good will.

In meeting these challenges, the architect confronts many detailed interior and exterior security considerations on which the success or failure of the particular project rests. Let me describe a few of these considerations:

Security of the site during the construction phase to prevent compromise or sabotage of the project is important. This issue raises important questions about the nature of the site, work-site procedures, the construction workforce, and the frequency and nature of inspections.

Since a building is composed of many components and systems, many of which are highly sophisticated, the interaction of these elements as they accomplish their disparate functions has great significance for a building's ability to withstand threats. Just to locate compatible systems and components can pose a difficult task.

Interior design and planning are as important to a building's security as its outside features. Considerations surrounding security-conscious building interiors include the grouping of employee functions for efficiency and safety, protection of individual work stations, integration of building materials, assessments of the sensitivity of particular employee functions and susceptibility of the most sensitive functions to building penetration, and the extent to which floor layout contributes to a comprehensive security plan.

In an article entitled "Design with Fear" published in the August 1985 issue of Progressive Architecture magazine, Thomas Vonier, AIA, the project director for the State Department-sponsored Committee on Research for the Security of Future U.S. Embassy Buildings, uses a discussion of gateways and doors to provide insight into the technical twists and turns an architect can experience in designing an architecturally appropriate and yet physically secure building.

> A principle of security planning is to minimize the number of openings, especially for motor vehicles. "Active" barriers can be lowered to admit traffic selectively but otherwise remain raised. These barriers are available in many configurations, but each presents difficulties. In the event of a head-on assault, should a guard or attendant stationed nearby be relied upon to activate the device, if it is down, possibly at the loss of his or her life? Automatic triggering devices are available, but these can be defeated. Most of the effective barriers are very expensive to manufacture and install. They involve many moving parts and may require frequent maintenance. This is a real problem in some overseas locations. If out of service they can cause nightmarish logistical problems. A few of these can be made acceptable to look at, but most are thoroughly objectionable. Secure sally ports, the use of circuitous approaches and well-planned and integrated vehicle entry systems--none of which can be purchased off the shelf and precious few of which exist--are considered the best alternative ...

Only the architects, it can be concluded, can successfully produce the answers to a variety of building security problems.

As a lesson for overseas construction programs, the security features surrounding the White House, Treasury Building, U.S. Capitol, and other buildings, which consist of barriers, walls, and fences, reveal a concern for security unmatched by success in making these additions complement the buildings they protect. Unfortunately, in the opinion of some, these features don't even provide very good protection, especially from head-on attack. In presenting a warning against potential attack, these barriers turn a cold, foreboding face to the American public. They diminish the special quality of these buildings as unique structures symbolizing American democracy. In so doing, they deprive city residents and visitors of an architectural experience closely related to their experience as American citizens. The White House today looks imprisoned in its own ring of concrete. This does not have to be. Good architecture and good security are not mutually exclusive.

In response to the frequent incidence of terrorist attack on U.S. overseas diplomatic and related facilities, and the perceived vulnerability of these facilities, the Secretary of State appointed the Advisory Panel on Overseas Security. It was chaired by retired Admiral Bobby Inman, and included a distinguished and knowledgeable membership, including the Chairman of this Subcommittee. An important focus of the panel's report, issued in June 1985, is a vigorous, expanded program of new construction and renovation of overseas buildings. According to the report, "The Panel believes that it is essential that a substantial relocation and building program be initiated and carried out with despatch (sic)."

The report goes on to point out that as many as 126 State Department buildings, and another 216 separate USIA, Foreign Commercial Service, and AID offices would require replacement or varying degrees of renovation because they fail to satisfy one or more of three basic security concerns 1) the Department's current minimum physical security standards for construction quality and distance from the external perimeter barriers; 2) sharing of a "common wall" with adjacent structures; and 3) sharing of the structure with other non-U.S. Government tenants, which means a lack of full control of the building.

The AIA supports the general thrust of the Inman report which has highlighted the importance of improved security at various U.S. facilities abroad, and we endorse the building program with the understanding that heightened building security is a factor of appropriate overall architectural design, not a separate aspect of construction or renovation.

We note that the $3.5 billion 5-year building program the report recommends is adequate only for the 126 deficient State Department buildings, but the report also calls for inclusion of the facilities of other foreign affairs agencies in an overall effort to make facilities and their personnel more safe. Obviously, either more money must be found to accommodate all of the buildings in need of renovation or improvement, or priorities among the agencies' buildings will have to be established. Careful risk analysis and capital budgeting procedures, as the report recommends, can be important determinants of building priorities. We agree with the report's view and caution that enhancing the safety of some sites may direct attention of terrorists to other sites given lower priority in the building program or to non-diplomatic, private sector facilities occupied by Americans.

The report also expresses support for a single set of physical security standards for all foreign affairs agencies, but acknowledges limitations on this proposal deriving from different building types, uses, and locations among the different agencies. The report goes on the note that USIA, AID, and the Foreign Commercial Service are all currently engaged in reviewing facility security and developing physical security standards. There are security needs and considerations common to all buildings, but a USIA library, for example, must differ substantially in security details from an embassy.

The AIA believes that the foreign affairs agencies involved must consult with each other regarding the goal of developing, first, a set of common physical security standards and, then, more specific standards that can appropriately meet the conditions of individual buildings. However, the goal of a single set of standards should be tempered by the reality of foreign missions. Standards that are flexible and sympathetic to individual environments make much more sense than unyielding fortress-like guidelines. Architectural guidelines may not solve social problems, but they certainly can create them. Inappropriate standards could lead to a waste of money, effort, and good will. It is far better to assess each situation individually and then promote an appropriate architectural response.

Some have considered the establishment of prototype buildings as an appropriate security measure. We do not believe that this is a good idea. On the one hand, a prototype would be too restrictive to allow for necessary design solutions for specific building problems. On the other, a prototype would offer such general guidelines as to be irrelevant to specific projects.

The report further recommends that the State Department establish a physical security procedural guide. Although certain elements of such a guide would be common to all facilities, it is clear that unique designs and components of each facility will require unique security procedures that reflect the design and site placement of each facility.

The Inman report has important implications for the way that the Foreign Building Office procures architectural services. That Office has typically overseen only a few major projects in any given year. If the federal government undertakes the massive building program envisioned by the Inman report, the Office will oversee as many as 20 to 30 major projects a year. The impact of this ten fold increase in demand on that Office must be carefully assessed, because the successful implementation of the building program depends on its ability to accept that demand.

The State Department's capacity to undertake additional building design projects must be developed simultaneously with the resources to procure quality architectural services. Design services represent only a small portion of initial construction costs, yet the quality of design services plays a major role in determining the life cycle costs of the building. Since construction costs are themselves only one-seventh of the building's total costs over a 40-year life expectancy, the value of quality design is considerable.

Selecting architects for foreign building programs is complicated by the seemingly contradictory requirements of open and free selection of architects based upon qualifications and the need for security, control, and confidentiality. The current system of procurement employed by the State Department appears to recognize this duality by employing an internal review panel and a three-member architectural advisory panel to insure both quality of design and successful project completion. In effect, this process mirrors the 1972 Brooks Act qualifications-based approach which endorses the traditional selection method of negotiating a contract with the architectural firm most qualified to provide the services for a particular project. The present system of architect selection should remain as the cornerstone of the Department's building design process. However, it may be possible to better standardize internal working procedures and develop critical reviews as the Inman report recommends.

The prospect of undertaking many new projects over the next few years offers new opportunities to explore alternative procurement methods and to qualify additional architects for this work. The temptation will be to look for the easiest or the cheapest solution. Experience, however, has proven that few shortcuts exist to successful procurement by the public sector.

As the State Department accelerates procurement methods, development of objective criteria to evaluate the qualifications and competence of the design team becomes even more important. Separate review and evaluation criteria must also be developed to insure that the specific details of the project's development and construction are fulfilled to specification. "Fast track" methods offer a beguiling way to accelerate the foreign building program, but they are not simple to execute, nor do they guarantee success. The lessons of federal procurement suggest that a definitive scope of work, the selection of highly qualified firms and diligent contract monitoring are essential elements of successful design projects which cannot be compromised.

One last area that the Inman report did not specifically address is the need for increased research and development. To be successful design must depend on advances in technology and communication and less on physical barriers and warning signs. The foreign building program poses many unique security problems, but their solution depends upon a substantial investment in building research and technology transfer.

Most anti-terrorism research has been directed toward military installations and high-security industrial areas. Relatively little research has been conducted on civilian building and site design. Even less investigation has focused on ways to make anti-terrorist design more aesthetic and contextual. Such research would not only contribute to the State Department's program but would also have broad benefits and applications in a wide range of public and private building types. Development of architectural guidelines, standards, and practices would both insure the security of foreign facilities and aid in securing a wide range of buildings in our own country that have been threatened increasingly by terrorists.

Training courses, education programs for designers, and preparation of graphic standards should all be developed through rigorous research programs sponsored by the State Department, the National Academy of Sciences/National Research Council, and other qualified agencies. A committee of the National Research Council's Building Research Board which has been investigating this area for over a year will be reporting its findings about the first of 1986. Their findings on the need for advanced research on the development and application of state-of-the-art security measures for overseas facilities should be afforded the highest consideration of funding and implementation.

Much of my testimony has pertained to terrorist attacks against U.S. buildings abroad. But as demonstrated by the breach of barriers at the U.S. Capitol early this month domestic facilities are also vulnerable to terrorism. While the risks for domestic buildings may differ from those overseas, they exist, nevertheless, and attention to our diplomatic posts and other foreign buildings must not cause us to lose sight of building security needs here at home.

The threat of terrorism to our diplomacy and for those who carry it out overseas is clear. The Inman report points the way toward making our diplomatic posts and facilities safer places for our personnel. As professionals involved on a daily basis with the issue of security design, we urge the Subcommittee to give careful consideration to the report's recommendations. We stand ready to work with you in any way we can to assure that the physical presence of the United States overseas, expressed through its facilities, will incorporate building designs that represent good security and good architecture.

This concludes my testimony. I am happy to respond to any questions you may have.

Mr. Mica. Thank you, Mr. Messmer. We may have come to the first point of disagreement in some of your testimony. I think we may get to a point where humanities could collide with reality, but we will come back in just a moment.

Mr. Birkhofer.

STATEMENT OF WILLIAM J. BIRKHOFER, REPRESENTING THE AMERICAN CONSULTING ENGINEERS COUNCIL

Mr. Birkhofer. Thank you, Mr. Chairman.

I will resist the great temptation to commercialize as well, except to say that the American Consulting Engineers Council, whom I represent today, consists of some 4,500 firms nationwide with staffing in all of the requisite engineering disciplines and supporting services necessary to manage and technically execute the requirements of this program.

The International Engineering Committee of ACEC, of which I am a member, consists of some 100 firms active internationally now. My firm is one of those, having worked in 20 to 30 countries overseas in the past 10 years. We have a staff of some 2,500 managerial, technical, and support personnel, both within the United States and abroad. I would say that that is representative of the kind and caliber of U.S. consulting engineering firms practicing in the international community.

The point here, Mr. Chairman, is that there is more than adequate capacity in the U.S. engineering community to support the technical and managerial requirements of this program.

I would say, secondly, that the program planning effort is off to a very good start. As one of the two dozen-odd consultants that Mr. Dertadian referred to earlier—they sought out our advice, and we are confident they are listening to our advice with respect to the critical dimensions to this program and organizational alternatives to manage this program. We are fairly certain that the final product, their management scheme, is going to significantly reflect the input provided by the private sector.

So, in essence, what we see so far is strong evidence of a public-private partnership that will lead to success in accomplishing this program.

The first step in establishing a program management scheme for a program like this is to understand its physical and organizational characteristics, and we have endeavored to do that. I am not going to go through them in great detail, as you will find them listed in the testimony at page 3.

Suffice to say, there are interlocking relationships between foreign governments, U.S. contractors, design professionals, and the State Department, which pose a significant challenge to effective coordination and communication, particularly in a program involving worldwide design and construction at multiple sites, and perhaps multiple facilities at each site. Complexity of facilities, hardware, security communications systems adds to that challenge. Understanding these dimensions will make it possible to structure the right management scheme.

In devising such a scheme, there are a number of critical program management elements that we might focus on but in the few minutes we have here I would like to highlight just a small number.

First, in the design and construction management process, it is fundamental that there must be clear decision points and controls which will allow a project or series of activities to proceed on schedule. We also must ensure that there is continuing integration of architectural values, the rigid engineering specifications that are required here, and clearly the security, communications and information management requirements that are key to the functionality of the embassy complex.

Mobilization is another very critical factor. As designers and constructors, we have to be able to mobilize our resources on a quick response basis. Conceivably the level of threat requirements associated with some of these projects are such that we have to be on the ground and working physically almost immediately after being given notice to proceed. In our view, quick response mobilization is part of the experience base of many of the firms that have already expressed an interest in this program, and many more who will, but it should be considered a key factor in the evaluation process.

Logistics management is yet another key function in the management process. We are dealing with many kinds of specialized security-related building materials and hardware items that are going to require significant lead times in the procurement process. We have to be sure that the availability of these materials is fully integrated with the construction schedule of the projects. And, in fact, it may be necessary to engage in the research, development testing and evaluation of new sources and products.

Local coordination is absolutely critical. In the U.S. design and construction community, many firms already have a substantial foreign presence. It thus should pose no problem to assure that from a local coordination standpoint, host country customs and values the local laws and regulations, and so forth, are effectively accommodated so that project schedules are not compromised.

Operations and maintenance management begins in the design process. Hopefully, from a value engineering/constructability perspective, we are, in fact, incorporating in design a futuristic look at how those facilities are going to be operated and maintained over time and complement that with effective training and start up services. To do less than that would jeapordize the anticipated $2 to $4 billion in a capital investment.

We think all of these functions are deserving of special attention, particularly in the selection of management, design and construction contractors.

As to program management/organizational alternatives, there are many. Federal construction agencies over the years have dealt with similar challenges in major programs like this one, both domestically and internationally, and there are a variety of case histories which we have discussed with the staff and with FBO.

Basically, at one end of that spectrum you could have an organization opting for total in-house management. Obviously, that provides for complete responsibility and control but it also requires a large multidisciplinary permanent staff.

On the other hand, turnkey contracting takes complete responsibility for all management, administration, and control and puts it in the hands of the contractor, thus reducing in-house staffing, but limiting the agency's ability to manage or control properly, particularly beyond the design and construction phases.

There is probably no single approach that offers all advantages without limitations but there are quite a number of schemes that could effectively be employed. Therefore, what I would like to discuss with you here, Mr. Chairman, is a series of criteria that we represent the key features in any management scheme. These features are discussed in greater detail beginning at page 6 of our statement.

The first of those is strong central direction and oversight, with controls as close as possible to the project sites. One of the ways that we can reduce delays and excess expense in the design and construction process, is to make sure that we have the means not only to centrally control but to deal with changing conditions in the field in a timely and efficient manner.

Second is the use of private sector capacity. We envision the use of private sector capacity in a mission support role at headquarters as well as in the field. In that regard, management contractors would be serving as an extension of the FBO staff.

Maximum competitive opportunities should result in optimum use of U.S. design and construction contractors. We think, by the way, Mr. Chairman, that the procurement authority that FBO now operates under provides the flexibility to do that. In our view, FBO is not strictly bound, in fact, by requirements specified in the Federal Acquisition Regulations as are other Federal construction agencies.

I would like to conclude on a key point that hasn't yet been mentioned, and that is, that we should be seeking, in the management scheme, to provide the highest levels of information exchange and technology transfer. Through the management of this program, it is important that we put in place a stronger base to manage this capital investment that we are making over time, to ensure that at the front end investment is well operated and maintained over the design life of the facilities that we are designing and constructing.

We are confident that FBO's management approach will include most, if not all, of these features. Thus far, FBO has consulted closely with industry. We, at the American Consulting Engineers Council, are continuing to work with them, and we will continue to work with them to establish the full partnership needed to get this program off the ground and moving and completed on time and within budget.

Thank you again for the opportunity to appear here, Mr. Chairman. I stand ready to respond to any questions that you might have.

[The statement of Mr. Birkhofer follows:]

PREPARED STATEMENT OF WILLIAM J. BIRKHOFER, REPRESENTING THE AMERICAN CONSULTING ENGINEERS COUNCIL

Mr. Chairman and members of the Subcommittee, I am pleased to be present here today on behalf of the American Consulting Engineers Council (ACEC) to offer some perspectives on the management and execution of the Inman Commission recommendations concerning security of U.S. diplomatic and related facilities.

ACEC is a professional association of 4,500 independent engineering firms, with nearly 130,000 professional, technical and support personnel providing consulting engineering and related professional design services to public and private sector clients across the nation and around the world. The International Engineering Committee (IEC), composed of firms practicing consulting engineering in the international marketplace, is the largest committee within ACEC and is active in many areas of international trade policy and business practice. ACEC acting through the IEC supported a recent study conducted by Price Waterhouse which shows that design services provided by U.S. firms help to establish an "opening wedge" for follow-on exports of American made construction equipment, building materials and systems, and other goods and services. With this as our premise, our primary goal is to increase the United States' share of these international consulting services in the most professional and economic manner.

Mr. Chairman, among the many issues involved in implementing the Inman Commission recommendations, there is understandable interest and concern over the means by which a capital facilities improvement program of the magnitude projected--some $2 billion to $4 billion--can be executed in a timely and effective manner. The consulting engineering community shares that interest and concern, but we strongly believe that a close working partnership between the public and private sector can be devised to meet this challenge.

In support of this conclusion, we would like to address several key points dealing with what we perceive to be the critical management challenges in this program, and key considerations in devising an effective management organization.

I'll begin on a highly positive note--we are extremely pleased that the State Department, and in particular its Foreign Buildings Office, has committed to undertake this program with the highest possible levels of private-sector participation. In our view, it is neither necessary nor desirable to organize yet another federal design and construction "company." From the perspective of U.S. consulting engineers, there is ample capacity in our firms to meet the wide range of technical and managerial requirements inherent in a building program of this magnitude. The nearly one hundred firms which make up ACEC's International Engineering Committee (IEC) range in size from small, highly specialized practices in fields such as telecommunications to multidiscipline engineering-architectural firms with hundreds of employees based worldwide. Such firms are highly experienced in designing and managing both in the United States and in the most challenging developing world environments.

The State Department clearly understands the significance of our capabilities and capacity, and in fact has sought input from consulting engineers (and others in the construction industry) in scoping and shaping its management plans.

From our perspective, then, this program is off to a good start--there is not a better way for us to begin than to work with a knowledgeable client who is committed to working as an active partner, and actively seeks our advice in determining how best to manage its program.

Program Management: Physical and Organizational Characteristics and Requirements

To properly analyze options for managing a large program such as this one, it is important to first define its key physical and organizational characteristics.

Physically, the progam will involve worldwide design and construction of single or multiple facilities at multiple sites, most often on a time-critical basis. The complexity of facilities, hardware, and security and communications systems will require extensive coordination, communication and control.

Organizationally, this program, which will involve complex working relationships between a number of operating elements within the State Department, foreign governments and U.S. designers, contractors, and suppliers, will require considerable diversity in technical expertise and business/contracting methods. The management scheme must provide for centralized direction and management controls with adequate flexibility for effective decision making at field locations. And, while this is a significant program, each of the relevent State Department operating elements have other missions and responsibilities, the continuity of which must be maintained.

Overseas Security: Critical Program Management Elements

In any project or program involving design and construction, there are a number of clearly identifiable components on which an effective management strategy is based. These include (at the minimum):

- Mobilization
- Design and construction management
- Cost and scheduling control
- Contract management
- Local coordination
- Logistics management
- Operations and maintenance management

In the context of devising a management approach for this program, several of these components require particular attention.

For example, design and construction management must be organized in a manner that provides clear decision points and controls, while allowing activities to proceed on schedule. In addition, the management of the design and construction process must ensure continuing coordination and proper integration of architectural values, rigorous engineering specifications, and security requirements.

In retaining design and construction contractors, mobilization capabilities to rapidly assemble teams of qualified personnel on short notice is critical.

Many of the goods and materials, particularly those which are security-related, must be specially manufactured to be available in adequate quantities or to meet specified requirements. Such goods and materials must be procured, handled and delivered in complete integration with a project's design and construction schedule. In fact, given the relatively small numbers of U.S. and foreign manufacturers of many of these specialty items, the logistics management process may even require new-source testing and evaluation.

In the overseas environment, local coordination is absolutely critical and a knowledgeable overseas presence having extensive familiarity with local laws, regulations, customs and government agency procedures may be the difference in keeping projects "on track."

Finally, the significant capital investment recommended by the Inman Panel must be properly operated and maintained over time. In fact, operations and maintenance management begins in the design process as facility features, building systems and hardware are evaluated for economy, efficiency, reliability and serviceablity over the design life of the facility.

While there are many critical management components deserving of attention, these in particular--design and construction management, mobilization capability, logistics management, local coordination and operations and maintenance management--are deserving of special attention in developing the management approach for this program and in the follow-on selection of design and construction contractors.

Overseas Security Program: Program Management/Organizational Alternatives

The physical and organizational requirements implicit in carrying out the Inman Panel building program recommendations and the critical management elements discussed earlier represent significant but not insurmountable challenges.

In fact, there is considerable "common ground" between the program envisioned in the Inman Report, and major design and construction activities previously undertaken by U.S. government agencies, including our local Metro System, facilities management support for the U.S. Postal Service, the Strategic Petroleum Reserve, the EPA Superfund program, and other international building activities of the State Department itself.

In each of these programs, the federal government in partnership with the private sector design and construction communities, has established and operated effective program management organizations.

There are a wide range of organizational alternatives capable of being adapted to this particular program, and we know that the Foreign Buildings Office, in devising its approach, has carefully studied a number of them.

At one end of the spectrum, an agency might elect to manage a major project or program completely in-house, which has the advantage of allowing the agency to maintain complete responsibility and control, but necessitates developing a large, multidiscipline "permanent" staff.

At the other end, an agency could choose to hire a "turnkey" contractor (or contractors), which would take complete responsibility for all administrative, contractual, technical and financial activities associated with completing the project, thus reducing in-house staffing requirements but also significantly limiting the agency's ability to manage or control during and beyond the design and construction phases.

There is probably no single "right" or "correct" point on this spectrum, but there are certainly a number of key considerations relating to this program that should guide the development of the program management structure:

1. Strong central direction and oversight with controls as close as possible to the project sites;

2. Use of private sector capacity to provide staffing and other resources for program management and mission support at the headquarters level;
3. Maximum competition opportunities for contracting and subcontracting assignments;
4. Full integration of engineering, architectural and construction considerations with security, communications, information processing and other functional requirements;
5. Adequate, effective checks and balances in the design and construction process, and optimum use of conventional design and construction procurement methods; and
6. Highest possible levels of information exchange and technology transfer between FBO and contractor based on previous discussions.

We are confident that the FBO's management approach will include these key features, and that members of the American Consulting Engineers Council and other design and construction professionals will be looked on as full partners in the process of completing this important building program.

Thank you again for this opportunity to appear before you, Mr. Chairman. I would be pleased to respond to any questions that you or members of the Subcommittee might have.

Mr. **Mica**. Thank you.

I had permission from the minority to proceed with just one individual here and I would like to do that because we do want to get some questions in.

Maybe I ought to dig into the most difficult one I have heard first and then we will come back to Mr. Warren.

One of the biggest differences I see starting to develop might be with the architects. I see this package as security driven, total and absolute. There would not have been an Inman Commission without security concerns. I would say that there is a zero chance of passing any package of this magnitude—$4 billion or more—through the Congress based on the need to just upgrade facilities for general esthetics or anything along those lines. We are talking about security.

You said, Mr. Messmer, in your statement that, first, we endorse the building program with the understanding that heightened building security is a factor—a factor—of appropriate overall architectural design, not a separate aspect of construction or renovation.

You prefaced that earlier by saying the concerns about the barriers, and so on, around the Capitol, which we all have made comments about—deprived city residents and visitors of an architectural experience closely related to their experience as American citizens.

I just have to tell you—I have real problems with that if it becomes in any way a driving force or an approach that is taken. I think security is a moving factor.

Could you maybe elaborate on that? How much of a factor do you think security ought to be?

Mr. **Messmer**. I think it is the driving force factor, Mr. Chairman, without a doubt. But it does not have to compromise good architecture and good design. It doesn't have to. You can have them both. Perhaps I should not have diminished the degree of that factor. But I am well aware that we wouldn't be here if security wasn't the driving force, to use your well stated words. The architects of the country realize that. Architects ought to be selected to do this work that do realize that and do have experiences, not only as being good architects, but of being conscious of that driving force of security.

Mr. **Mica**. So there wouldn't be any effort to say that if we can't make this look esthetically special in a certain way, then we are not going to endorse these programs?

We all understand security is the basis of this entire package—no question.

Mr. **Messmer**. I think architects over the years have, and maybe to some extent rightly so, been seen in an ivory tower, and that is no longer the architecture of today. The requirements of the client in this case, the State Department's and the driving force of security, must prevail over any other design consideration, absolutely.

Mr. **Mica**. For the record, he said the driving force of security must prevail.

Ms. Snowe.

Ms. **Snowe**. I thank the chairman for yielding. I am sorry that I have to leave but I have a 12 o'clock appointment.

I would like to follow up on what the chairman was asking you, Mr. Messmer, because you did say in your testimony that we shouldn't have to adhere to a single standard in architectural design. But on the other hand, the threat varies from mission to mission, and it could change, as we learned with the lesson in Iran. Prior to our problems in Iran, President Carter was saying that it was an island of security in the Middle East. Well, we learned differently just a year later.

So, again, I would hope that the architects who receive the bids in this country recognize that when they are developing these standards. Even the Foreign Buildings Office is recommending that we have some flexibility, but, security is primary in the establishment of those designs. Perhaps we do need a single standard for security because we never know when the threat will change from country to country. We expect that these missions are going to be there for decades to come and, therefore, we have to prepare for the eventuality that something would develop that we do not recognize at this time.

Mr. **Messmer**. Congressman Snowe, I completely, again, agree with you. Standards should be made but they should not be so broad as to—for example, we have Embassy facilities in countries that have no roads, or no trucks or cars to put explosives in. So why put vehicle barriers around that kind of facility? Recognize the threat in that location and create standards and designs to stop that unique threat.

Ms. **Snowe**. I guess what I am saying, and I think the chairman would share my views, is that security is the top priority of this package, and that has to be the top priority of any architect who is designing these buildings.

We cannot say, well, in this particular country we don't see a threat and, therefore, we will minimize the security standards of the designs to prevent the kind of attacks that have been leveled against our Embassies in other parts of the world. I mean, that has to be utmost.

Frankly, I think even the eras in which we are designing these buildings, or renovating them, should be irrelevant. The point is security, and we have to anticipate what could happen in the future.

Thank you, Mr. Chairman.

Mr. **Mica**. Thank you.

You raised a question but I won't ask it.

Let me just follow up on that. I would envision a minimum set of standards and it would take an action to exclude one of those standards. For instance, no snow-bearing beams in south Florida, or whatever.

This means starting out with the recognition that there are certain minimums that every Embassy, every facility has to have, and going from there, and if for a special reason it doesn't need to meet that particular standard, then it would take a physical action by somebody to exclude it, otherwise, it wouldn't happen. That is my concern, that we don't set that aside and start with special standards for every single country, but build on a set of basic standards.

I don't know whether you would agree with that, but I go back to the initial reason for this, security. The general sentiment was that what happens is, the minute you say we are talking about security and you let it go for each country, we end up with dozens and dozens of different standards and exceptions, and that is how we have been building for the last 30, or 40, or 50, or 100 years around here.

I want to make one positive comment, also, about your statement, and I think we are on the right track. I served on the Inman Commission, and you just hit a note that really struck a positive chord with me. We did not mention research and development. And if I have an opportunity, I am going to pick up on that particular point and insert it in the package, that we even set up an ongoing R&D program. I think that that probably is one of the biggest failures we have had overall—not looking for the latest technology when we move into a new building program, even the one in Egypt that is such a disaster. We really do need to do more in that area.

So I commend you for raising that point. I was wondering when you raised it, why we didn't have an R & D program. Maybe it is because Admiral Inman over at the CIA knew everything that was going on anyhow. I am not sure. At any rate, let me proceed.

We have had, as you have heard, Mr. Warren, several witnesses from the Government and the private sector talk about approaches. You are in the business. Give us, if you will, a thumbnail sketch of what you think would be an appropriate management approach. Mr. Birkhofer talked about one or two options. It appears clear, and anybody correct me if I am wrong, that no one now is endorsing that FBO just take it from an internal standpoint and build a whole bureaucracy and run with it, that everybody is talking about some approach that would include management and oversight from FBO, with private sector doing the great bulk of this.

Mr. **Warren**. Mr. Chairman, the comments that Mr. Dertadian made earlier about the program management system that he envisions and that they have planned, sound doable to us, and that is, a program where they expand their organization somewhat, but the bulk of the work will be done by the private sector so that they don't have this ongoing huge organization. There would be two problems connected with building up a big enough organization in the Government to do the whole thing, and they basically are—you would be building up a huge organization whose credibility would be questioned from the start. And the other would be the time involved to do this, and the ongoing nature of most Government-type organizations that might result from that.

The private sector could be mobilized immediately for this kind of program, the kind of program management system that I think I heard Mr. Dertadian describe is a program that U.S. contractors would not only think was workable, but would think that in the main that is the only way possible to get this program done in that time period. But in the main you would have to go turnkey, you have to use critical path scheduling methods. There are all kind of requirements in the program so there will be some parts of it that can be done the conventional way. But the bulk of it will really have to be done that way to meet that time frame.

Also, I agree with Mr. Dertadian has said about the recent experience of his organization, I think in the State Department. During the past year, the Office of Security Operations in the State Department and the Foreign Buildings Office has competitively negotiated contracts exclusively with American construction companies to perform security-related work at numerous Embassies around the world. They have also negotiated separate architect and construction contracts for Embassy construction. Their track record on that indicates that it is a changed organization and they do have the credibility to launch a program this way with the type of program that they described and with American contractors doing it.

Mr. **Mica**. Would you exclude the use of local subcontractors?

Mr. **Warren**. Absolutely not. I also support the prequalification movements that are taking place in the FBO. That is absolutely critical, whether you use American contractors, or foreign subcontractors, or foreign contractors of any kind.

Mr. **Mica**. Now you support the use of American contractors, and, Mr. Messmer, I invite you to answer this also.

I serve on the VA Hospitals Construction Committee. We build a lot of VA facilities. We are often told that it is best to use a local architect. Are you saying that we should use local architects in the countries that we are dealing in, and American contractors?

Mr. **Warren**. I am glad you asked that question. I didn't realize it was a question about whether or not we are going to be American engineers and architects. The answer is that we should go exclusively with American engineers and architects as well. They might need a local architect or engineer for some reason to be associated with them, but I would leave that entirely up to them.

Mr. **Mica**. There is no basis to the statements that are made that local architects generally have a better knowledge of the local problems: soil, weather conditions, et cetera?

Mr. **Warren**. There is a lot of basis to that. In the United States, though, you are generally dealing within one culture, and generally with one set of standards. But when you are operating in the international arena you are operating with multiple standards, multiple cultures. The local involvement should be under the supervision of an American engineer or architect.

Mr. **Mica**. Mr. Messmer?

Mr. **Messmer**. My firm has done a wide variety of architecture and engineering work around the country, a great deal in Saudi Arabia. We constructed the largest building ever built by mankind in Saudi Arabia. We did not find the necessity of a great deal of Saudi architectural work. Yes, the Saudi soils engineers and other specialties from the Saudis, we do use—working in Hong Kong, too. But there is a difference between, I think, very candidly, Mr. Mica, the Veterans' Administration and some other Federal agencies using local architects, and I think it is very candidly political. It is not to say that those local architects cannot do a very credible job about doing a VA hospital; they can. But if that VA hospital State does not have, for example, in Arkansas, a good hospital architect, the VA won't hire them. I am speaking, again, from experience, we did a VA hospital in Arkansas, because there wasn't an Arkansas good hospital architect there.

I don't see in foreign countries, especially where many of these Embassies are going to go, architects there that would serve the State Department's need beyond what American architects can serve.

Mr. **Mica**. Let me ask you this just as a follow-up. Would you support a concept of penalties and rewards for efficiency or delays?

Mr. **Messmer**. Hear ye, hear ye, yes, without a doubt. If I was the owner sitting in your chair or the State Department's chair, I would demand that. That is the proof in the pudding. And incorporating in your contracts with architects and contractors rewards and penalties, yes.

Mr. **Birkhofer**. With respect to penalties and rewards, I think that if you check, Mr. Chairman, with a number of Federal construction agencies—EPA happens to be the one that comes to mind—you will find that there are effective systems of award fee contracting right now that allows an engineer to negotiate a base fee and then an award fee of a certain percentage beyond that. During the life of the project, that engineer's performance of technical management and other requirements, is measured by the agency, and the amount of the engineer's award fee is contingent on that level and quality of performance as judged by the agency. So it is doable, it is working now in other agencies, capable of being adapted here and we would support that.

Mr. **Mica**. Mr. Warren?

Mr. **Warren**. Mr. Chairman, the reward penalty system works. It works in this country, it works around the world, and it would work in this program.

Mr. Chairman, on a slightly different subject, if I may, I trust even though I didn't read my full remarks that they will all be in the record, and if I may, I would like to request that we be allowed the opportunity to submit additional testimony on this cost evaluation subject of U.S. contractors versus foreign contractors.

Mr. **Mica**. I would be happy to do that. Without objection, we will leave the record open for the witnesses who may want to submit any additional testimony and for the members to submit any additional questions in writing.

I think you have raised some good points. For instance, on a billion dollar bid on a deal—that's probably too big a deal—$500 million, or $200 million, project, or a $10 million project, if it is paid outright to a foreign contractor and no money comes back, what would an equivalent return be to the U.S. Treasury, and what kind of averages could we get if that's possible? I think that would give us some additional guidance on the types of preference that we could legislatively endorse, and we would welcome that.

You mentioned architectural values being integrated. Are we talking about strength and weaknesses of structures, or are you talking about appearances, esthetics?

Mr. **Birkhofer**. I am talking about both, Mr. Chairman. The guidelines that FBO currently has in place that delineate the functional activities that go on in the Embassy itself serve to define the architecture and engineering character of the design, as do the preestablished engineering specifications and the security-related requirements. In another sense, architectural values often serve to reflect something of the character of the culture of our country and also the culture of the host country.

I don't see the latter values as being the driving force in this program, however, because we are talking, after all, about a wide range of facilities in any Embassy complex—only part of that consideration goes to the chancery. We are also talking about a variety of other kinds of facilities.

Mr. **MICA**. As you have heard from Ms. Snowe and myself, I would just say again, and make it a very strong caution, I have to take this package to the floor of the House. And if anybody thinks we are putting ribbons and bows together and making a pretty facility, it's dead, it's DOA. This has to be—and that is why I served on the Commission—this has to be centered around the entire security issue. And anything that comes on top of that, we are going to have to doubly justify. We are right now, this week—and I don't need to lecture this distinguished panel—but we are about to make some decisions on budget cutting that may be historic. Members from both parties, and this panel has been bipartisan, have said, I will go all the way, but don't ask me to put any decorations on the cake that aren't necessary—we are talking about saving American lives.

On the time frame: I talked to one of the largest, I guess, cement suppliers in my State of Florida, who was telling me an experience of building his own building, that he had the money in the bank, he happened to be his own supplier, and he thought he was a good, capable supplier. But it took him 5 years from date of conception to date of opening the door because they had to negotiate a contract of property, et cetera, et cetera, and that was with all the money in the bank and ready to go.

We are talking 7 years on this. Is that realistic?

Mr. **MESSMER**. I would say it is realistic, yes. I interpreted the State Department's reply to mean from the point of beginning to the point of occupancy of the last piece of the last building might take 7 years. I would hope that much could be accomplished, opened up and operated, far before 7 years, which I think is quite possible.

Mr. **MICA**. I hope you are right. That figure seems actually, even though I would like to see it 2 years, a little condensed for a building project this size.

Mr. **BIRKHOFER**. I think, Mr. Chairman, you have to differentiate a bit in those 126 candidate sites between those that are going to require a wholesale relocation of facilities, and those where perhaps renovations or modifications of existing facilities to accommodate the physical technical security requirements can be accomplished.

I think all of us are aware that in cases where we are talking about new facilities, the real estate implications alone can serve to create significant delays in time.

Mr. **MICA**. Would you see this program as totally excluding foreign contractors and architects?

Mr. **MESSMER**. I would respond to the architectural point first; I don't see any need for any foreign architectural or engineering, of any major nature, needed on this. Responding to the construction aspect, I think the program ought to be run by American contractors. I think it is impractical to assume that all work and all contracting would be done by Americans. I think they are very capable, local subcontractors, but prequalification is very important there, so that you get the very best in each of those locations. And don't necessarily go to the bottom dollar on that because then you won't get the best.

Mr. MICA. Let me ask you about a concept that was discussed in the Inman meetings that I attended, and I don't know where it is in the report, frankly, but it is something that has been on my mind. The idea is that there be a legislative effort or a directed effort to, if you will, spread this work around, that we actually say in regulation or legislation that we are going to disperse this work over a wide range of American contractors or architects, would you have a problem with something like that?

Mr. BIRKHOFER. I think, Mr. Chairman, that's probably the direction that will be taken anyway if FBO was to retain a number of management contractors.

Mr. MICA. There was talk among some members that there are some preeminent firms and architects that have done this type of work, and maybe by front loading with these groups we could get a head start. The discussion went on further to say there just aren't enough of these firms and that we had better make sure that it doesn't work that way, that maybe we ought to set some legislative language, or report language, or regulatory approach, requiring that this be dispersed on a very, very wide basis, so that it would be done very quickly.

Mr. BIRKHOFER. Let me take it a step further. If FBO were to bring on a series of management contractors, undoubtedly the site specific work, design construction, design build, whatever option to be employed for that particular project, would logically involve an additional contractor. So that in that pool of engineering, architecture and engineering design/build construction contractors out there, you might have a management contractor providing mission support to FBO on, for example, 10 or 12 sites—each one of those would have separate architect-engineering and construction contractors involved. So the capacity of the industry under that kind of a scenario would be fully utilized.

Mr. WARREN. That is absolutely correct, Mr. Chairman. As I understand it, that is what Mr. Dertadian is planning to do. I don't think you could get a wider dispersal of U.S. A&E contractor involvement in it than the way he is describing it. There would be six or seven program managers and they would have to go to the rest of the industry in order to do it. It is a very doable thing if you follow his, what I understand of his program.

Mr. MICA. How big an impact are we talking about on American industry? Has there been a program this size that the Government has embarked on with a crash program in recent years? What can we compare it with?

Mr. BIRKHOFER. That depends on what you mean by "crash." We don't want to get into projecting time frames without more complete understanding of the program requirements.

Mr. MICA. We are not talking about the American Embassy in Egypt.

Mr. BIRKHOFER. If, for example, you were focusing on the strategic petroleum reserve, the Northeast corridor project, the current EPA Superfund Program, all of these, in terms of magnitudes of dollars and level of effort, are comparable to what we are talking about here.

In the overseas environment, of course, many of us had the experience of working in the Saudi Capital Development Program administered by the Corps of Engineers, and that certainly was a program of much greater magnitude. So the capacity of the industry, we believe, is there and it is highly experienced in programs of this magnitude.

Mr. **Mica**. So we are not talking about something really beyond the capacity?

Mr. **Warren**. No.

Mr. **Birkhofer**. No, we don't think so.

Mr. **Messmer**. I don't think our architects or contractors would be strained by this. Even if you focus the work down to a small handful of them, which I am not necessarily supporting, or you spread it out as wide as you can, they would not be strained.

The problem of spreading it out—and I have heard those words—is it places an increased burden over the State Department in managing that spread out to firms and people working for them. I would suggest that you seek the quantity of architects and quantity of managers and contractors as few as possible to do the work well. And when it gets to their limit, go beyond and get more to do the work.

Mr. **Mica**. You would have that as a starting point?

Mr. **Messmer**. Yes, I believe that is what I am saying, yes, because there are very capable contractors, program managers, and contractors that can handle projects of this size almost within themselves. I am not suggesting the State Department do that, though.

Mr. **Mica**. Is Mr. Dertadian here in the room?

Mr. **Dertadian**. Yes.

Mr. **Mica**. Do you have estimates as to how many in each field you need now?

Mr. **Dertadian**. We anticipate we will be having seven or eight program managers, project managers for managing the whole program with us. We anticipate we will need as many AS&E firms as we have building projects. We will need as many construction firms. Now, it doesn't mean we will need one construction for each project. A certain construction firm may make bids on 10 of them or more. But certainly on the A&E firms we in the past and up to the present time, we have had a policy where an architectural engineering firm once it does a project for FBO will not do another one in 10 years. We plan to change that policy.

Mr. **Mica**. You would then envision, by what you have said here, no problem with one firm winning 10 contracts. There would be no limit to 10, or 15, or 5?

Mr. **Dertadian**. No.

Mr. **Warren**. Mr. Chairman, if I could respond to that. Some of these contracts are going to be so small that they are going to have to be packaged, and maybe 10 projects or so in a package to get a contractor to be able to put together the support organization in the States to support that kind of an overseas activity.

One $5 million project, for example, would require almost the same kind of support staff in the United States to plan, organize, mobilize, expedite, handle the transportation and employment, and all those kind of things, as 10 $5 million projects.

I think this is what Mr. Dertadian has in mind.

Mr. **Birkhofer**. I think the key here, Mr. Chairman, is to be sure that that a parallel program management organization exists in the State Department. Those new spaces that Mr. Dertadian is talking about are fairly critical. If FBO retains seven or eight program managers there are going to have to be comparable management teams in State to ensure close coordination and communication with those program managers. So the availability of an adequate number of trained technical managers in FBO is the governing factor.

Mr. **Mica**. Let me just close with this. We have a number of questions but my time is running out also.

I have had some individual comments from members of the private sector who have had experience in dealing with FBO in the past, that said, boy, this particular part of the law ought to be changed, this particular regulation causes some concern, or we have had some real problems where everybody knew there was going to be a problem, and maybe even FBO has some concerns that they would like changed.

Now is the time to let this committee know if you want a change in the law, if you have a problem, if you have experienced something that really has created a problem, because as we start to draft this, we can start to address these problems. After the fact, to go back and change a provision in the law is going to be very difficult. So I, on behalf of the committee, ask all sectors represented—Government, private, individual—if you see a glaring problem, let us know now, don't come in later, and we will try to address it. If we share that concern, I assure you we will address it. If we don't, we will let you know why we don't. But please bring it to our attention, our committee, or staff.

We thank each of you for being with us. We will leave the record open for additional testimony and questions.

The subcommittee stands adjourned.

[Whereupon, at 12:25 p.m., the subcommittee was adjourned.]

[On Thursday, February 20, 1986, the Subcommittee on International Operations held a hearing that went into executive session on the "Further Consideration of the Inman Diplomatic Security Package." Ambassador Ronald I. Spiers, Under Secretary for Management, Department of State, testified.]

BLANK PAGE

THE DIPLOMATIC SECURITY PROGRAM

WEDNESDAY, MARCH 5, 1986

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on International Operations,
Washington, DC.

The subcommittee met in open markup session at 2:17 p.m., in room 2255, Rayburn House Office Building, Hon. Dan Mica (chairman of the subcommittee) presiding.

Mr. Mica. The Subcommittee on International Operations will come to order.

Today we mark up a piece of legislation which offers a comprehensive package for improving the security function of the Department of State. H.R. 4151, the Diplomatic Security Act, represents the culmination of years of effort to present the Department with the tools it needs to both manage diplomatic security responsibilities in the United States and abroad, and to assure that the Department moves ahead in the design and construction of safe Embassies and residential areas.

Unfortunately, the committee's efforts, which have been substantial since 1979, and the incident of terror in Islamabad, have not always been fruitful. We have seen cost overruns in projects, false starts in construction, projects which have extended years beyond construction target dates—and, I might say, this committee has delved into the reasons for that, we think in a great deal of depth, in the last few months—and some rating of the Department's construction budget to offset budget cuts taken elsewhere in the Department.

It is my hope and intention that this legislation will end such fragmented efforts, streamline the security operation, and give the committee the oversight it needs to ensure that diplomatic security programs proceed without delay.

Beginning with my own appointment to the Inman Panel on Diplomatic Security 2 years ago, and throughout numerous hearings and closed briefing sessions held by the subcommittee, I have been hopeful that this legislation would receive appropriate congressional and executive branch support—I should say the executive branch support.

Let me just interrupt myself and ask the staff to check and see if we have any letters that have arrived today.

Mr. McBride. Not as of today, sir.

Mr. Mica. We will talk about that, before we get into markup.

With the strong commitment of the subcommittee's ranking minority member, Ms. Snowe, and literally hundreds of hours of staff time—and let me again interrupt myself and commend the staff for the excellent job they have done—it is probably one of the single largest pieces of legislation, at least in terms of money, that will be handled by the Congress this year. The work you have done is truly appreciated. I know you spent weekends and evenings here going through this, particularly the last few weeks, trying to get it ready for this markup. We feel we are ready to present this legislation to the committee and to the House.

Ms. Snowe and I introduced H.R. 4151 originally by request of the executive branch. I will be offering an amendment in the nature of a substitute to this legislation, which I hope the Members can support. The Diplomatic Security Act is a sound piece of legislation that is essential to our continued diplomatic presence overseas. It looks at the improvements in Department security functions ranging from strengthened stewardship of the Secretary of State over our missions abroad to the day-to-day operations of the security officer. It represents a commitment to our diplomats and their families that we will do our best to insure their safety overseas. It signals nations that foster terrorism that we intend to maintain our diplomatic presence abroad. It will not only improve our physical and technical security, but also our ability to manage and anticipate the threat to our diplomatic communities.

I list in my written statement, which I will submit for the record, a number of features of the bill. Since we are going to go through it section by section, I will not get into all of those. But I am particularly pleased that our recommendation on an Accountability Review Board is a part of this legislation. For the first time we will convene a board of accountability and review if there is an incident where there is loss of life or damage, and we will find out who is responsible, try to pin that down, and try to make sure that it doesn't happen again. I don't think that happened in some of the past instances.

We have a number of other measures in the legislation that we will talk about in the title-by-title analysis. One area that I think is most helpful and deserves special attention is some incentive for U.S. contractors to participate and to utilize, wherever possible, U.S. corporations and U.S. individuals in this construction project.

I won't go through the rest of this at this time. I would like to call on my ranking minority member, Ms. Snowe, for any comments she may wish to make.

Ms. Snowe. Thank you, Mr. Chairman. I am pleased that we are proceeding with this markup today. By moving this legislation forward so quickly is an indication of our awareness of the new realities in this world with respect to the terrorism which makes necessary a major commitment of resources by this country.

The Inman Panel, upon whose recommendations this legislation is based, determined that nearly half of our missions abroad did not meet minimum security standards. This is obviously a situation that we cannot allow to continue and it is one that we, as a committee, have an obligation to address.

U.S. diplomats and embassies remain the single greatest target of international terrorism. In fact, in the past year, 30 percent of all terrorist incidents were aimed at Americans and American interests. This bill represents a multifaceted approach to take every prudent step to reduce and minimize the threat posed to American personnel abroad.

As the chairman has indicated, we have worked to fashion legislation that Members on both sides of the aisle can support. I think it is important for the subcommittee, as well as the full committee, to move as expeditiously as possible on this 5-year Authorization Program so it does provide a reasonable amount of security to Americans serving U.S. interests abroad.

The Inman Panel clearly stated that if we fail to undertake this kind of program it could lead to significant damage, significant loss of life, and as well as compromising our national security.

I presume the President regards this program as a high priority because we included it in the budget request for 1987 that he submitted to the Congress. And as the chairman indicated, I hope that a letter will be forthcoming from the President fully endorsing this legislation before it goes to the floor.

This legislation is costly, there's no question about it, because of the comprehensive nature of this program in resonse to the Inman Panel's recommendations. But, unfortunately, the basic cost of this program cannot be altered without adversely affecting our ability to protect our diplomats and Embassies abroad.

As the chairman also stated, we have included language in the bill to provide as much assurance as possible that this program will be within budget and on time. The legislation not only mandates penalties and rewards to keep projects on schedule, but it prohibits the expenditure of any funds for cost overruns without coming to the committee for approval first.

So I would hope that we pass this legislation today for consideration by the full committee tomorrow, and also for expeditious consideration by the House some time in the next 2 weeks. In the meantime, I will again state the issue that I hope we get a letter from the President fully endorsing this package and that we will get his active support in helping us to pass this legislation as soon as possible. I think we have done a great deal of work on this legislation in the last 6 months in the committee, through briefings and hearings, and have made some changes in the legislation that are cost effective as well as prudent.

Thank you, Mr. Chairman.

Mr. MICA. Thank you, Ms. Snowe.

Before I call on other members for statements, let me just take this opportunity to restate that. At the most recent closed briefing on this yesterday, I indicated to representatives of the administration that it was all but impossible to proceed on legislation of this magnitude without very strong direct support this year, after Gramm-Rudman, from the President. I also must say that I said I would cancel this hearing if we didn't get that letter.

In good conscience, for the safety of the people abroad and what is right for this country, I don't think I will cancel this meeting at this time. But I think for us to move forward, asking for a major package, without this letter and support from the President, really is inappropriate.

This has been a total bipartisan effort. Members on both sides have tremendous concerns about the money and the dollar amounts in this bill. We have done everything we can and we have been consistently assured that the President would be out front leading the charge. And here we are going to mark this bill up today without a letter from him. I am extremely upset that that hasn't been presented and will consider this before we take it to full committee tomorrow.

This is an administration initiative with bipartisan support, and the President ought to be out here leading this charge with the rest of us, because it is a very sensitive issue. I hope this message will be taken back.

Let me also add that this entire package was presented to the Budget Committee by Chairman Fascell and myself, and ranking minority member Broomfield, as a separate request on top of the foreign affairs budget. In light of the President's desire to see this passed, the Budget Committee, the majority and minority on both sides of the House, accepted that. And here we are at the markup without this. I'll just tell you, it is very disturbing.

Mr. Yatron.

Mr. YATRON. Thank you, Mr. Chairman. I want to commend both you and Congresswoman Snowe for your leadership on this vital antiterrorism legislation.

There has been a great deal of concern expressed in Congress and throughout the country about the United States not having an effective strategy to combat international terrorism. While it would be unrealistic to expect the United States to totally eradicate this menace, the fact remains that Congress, and this subcommittee in particular, have devoted considerable time and effort, along with the administration, toward establishing a coherent policy approach on terrorism.

Mr. Chairman, I know you have personally worked very hard on the legislation we will be considering today. I have the same concern that many Members have with respect to the cost effectiveness of the diplomatic security package. I am confident, however, that your recommendations will attempt to remedy those concerns. This is an expensive package, but if we are serious about protecting our people serving abroad, providing the administration with the necessary resources is absolutely essential.

Thank you.

Mr. MICA. Thank you.

Mr. Gilman, any opening comments?

Mr. GILMAN. No comments, Mr. Chairman.

Mr. MICA. Mr. Smith?

Mr. SMITH of Florida. Yes, Mr. Chairman, I just have one comment.

I am very happy to be at this juncture, although I share your regret at the fact that the administration has not been more forthcoming in terms of support. I know that the substitute which you are going to offer is going to be devoid of any specific numbers in terms of authorization, which I also think is the appropriate way to go.

I would like to speak to a point I made about 2 weeks ago; namely, that I'm still not convinced that the numbers contained within the package are appropriate for each of the items listed. I know that in the substitute there is a provision for cost overruns and the like, but cost overruns are based on the original numbers. I personally am not convinced that some of these original numbers are appropriate.

I have looked at some of the embassies, I have looked at some of the square footages that according to the people at the State Department, the dollar amounts would yield, and the amount that they pay per square foot. Some of these embassies and some of these facilities it seems to me are way out of proportion to the kind of effort we should be putting into these countries—not in security effort, but in the amount of square footage we have as an embassy or as a consulate.

I just don't see it. In countries like Jamaica we're going to spend more than they spent to build their presidential palace or their government buildings. I just don't see that that's appropriate. It seems to me that we ought to have a mechanism for determining whether or not, in an enormous building program like this, we're going to get our money's worth. This is a lot of money in times of Gramm-Rudman and I just think we ought to have some other mechanism.

After this afternoon's markup, I intend to look at whether or not there needs to be any further overview by this committee, or if the chairman would agree that we would periodically review this enormous expenditure to determine whether or not—perhaps it wouldn't be necessary to have any other kind of legislation or amendment necessarily to the bill.

I think we owe it to the American public to determine whether or not the security arrangements for the buildings, but the plans for the buildings themselves, the size, maybe the overly grandiose nature of them, or the overly large nature of them, need to be looked at. It would be a lot cheaper to build smaller buildings and secure them than much larger buildings. I don't know that we have to be building what we're building under some of the programs that are offered in the package of projected buildings—not all, but some.

Mr. MICA. Let me mention, if I may, at this point in the record that I share the gentleman's concern. For that reason, particularly for the Embassy in Jamaica, we delved into it in great detail in yesterday's closed briefing. I think it is not inappropriate to relate to the committee in public session that that particular facility will be delayed as a result of our review. Although we did not find anything inappropriate, we want to continue to look at that facility. We did have questions.

With regard to oversight, we have requested that a formal procedure be established between the committee and the State Department and all of the officials involved for a regular reporting, either monthly or bimonthly, reporting on construction, on costs and the like, so that any red flag that pops up we will be aware of and can immediately move into formal hearings or oversight.

A program of this magnitude I don't think we can micromanage, but we certainly can, as the gentleman has suggested, set up extra procedures, which we are in the process of doing, for regular monitoring of every dollar that is spent. We are working on that, and I must say it has been a cooperative agreement.

I could ask the staff right now to tell us where we are on that.

Mr. **Bruce**. Mr. Chairman, in the draft proposal we have several reporting requirements. First, we require the State Department to submit to this committee any appropriation request they might seek from the Congress under this authorization. Second, we require that they inform the committee prior to the beginning of each construction project. That notification will be handled as a reprogramming. Therefore, the project cannot be implemented until we have had an opportunity to review the proposal to the committee's satisfaction.

Third, Congresswoman Snowe added section 404, called cost overruns. This section establishes a reprogramming notification procedure to inform the committee in the event the Department seeks to use funds in this to costs not allowed in this act or made available in a corresponding appropriation. So I think we have approached this at three different levels.

Mr. **Mica**. The point I would make again is that these are written right into the law. We have also agreed that we will set up an informal procedure where we have regular reporting that would flag us even before the legal procedures come into effect.

Mr. Mack.

Mr. **Smith** of Florida. Mr. Chairman, just to finish, I didn't mean to single out Jamaica as the only one. There are more. I don't mean any derogation of our responsibility to our friendship with Jamaica. But if you go down the list: Bulgaria, $38 million; Cameroon, $30 million; Bogot Colombia, $57 million; Czechoslovakia, $71 million. It goes on and on. The Ivory Coast, $40 million to build a building for the U.S. Government. It just seems to me that we ought to be looking at some of the costs that are being asked of the American taxpayer.

Mr. **Mica**. I have no qualm with what the gentleman is saying. Yesterday we went through a hypothetical construction cost in detail. We came up with about a 4 to 1 cost increase. That $40 million building, if it were not a U.S. Embassy, therefore would cost about $10 million to build. That includes all of the security measures, the shielding, the technical and physical security, as well as the standards and the setback.

We double it for security. The cost of a $10 million building that would normally be built as a condominium or an office building in Washington, DC, would be doubled for security. When you add in all the other basic Embassy requirements, it comes up to another doubling, four times. So the fact that you use the $40 million building is a good example. What we are ending up with is essentially a basic construction cost of $10 million.

In fact, we have provided each of the members with a breakdown of a typical Embassy in the folders they have here and how it comes up to that type of figure. No one—and I say this on behalf of Ms. Snowe and myself—was more astounded when we first saw some of the costs that are involved in this. To cut across the board would be rather indiscriminate. To try to pare down, as we have tried to do, and set protections into the law, as Mr. Smith has requested, we thought that was the appropriate way to handle this. So as each project is started, we have immediate oversight and ability to check.

I would simply say to the members that since we are not appropriating a dollar figure, it would have been impossible whether we spent all year or the first 4 months of this year to do each project individually before we went into a markup. But we do have a hook in this bill, that each project can be reviewed as it is started.

With no additional comments, let me call on the clerk to read the bill.

Mr. **Boyer** [reading]:

> H.R. 4151, to provide for the security of United States diplomatic personnel, facilities and operations, and for other purposes.

Mr. **Gilman**. Mr. Chairman, I move the bill be considered as read and open for amendment at this point.

Mr. **Mica**. Without objection, the bill will be considered as read and open for amendment at any point. And at this point I would like to offer my amendment in the nature of a substitute to H.R. 4251.[1] I would like to offer this and will recognize myself to explain the substitute.

I should indicate that we have a side-by-side for each member. The basic points of departure are listed in that side-by-side, and I would like to call on the subcommittee staff just to touch on those points of departure. The balance of the bill is identical.

Mr. **McBride**. Mr. Chairman, just for the record, it might help if I identified the people at the front table here.

My name is Richard McBride, staff director. To my left is Thomas Bruce, who is staff consultant, and Mr. Wade Ballou, who is the legislative counsel.

Essentially, sir, your substitute and H.R. 4151 are very similar. What we have done is reorganize the substitute and we now have four titles instead of three.

Title I is similar to H.R. 4151, but the establishment of the Diplomatic Security Service is placed in title II.

Mr. **Mica**. Excuse me. Would the gentleman suspend a moment. Does everyone have a side-by-side? OK. We need a couple up here.

[Document distributed to members.]

All right. We are using a document entitled "Side by Side—H.R. 4151, Mica-Snowe Substitute." We will start with title I, Diplomatic Security. Please proceed.

Mr. **McBride**. Yes, sir. As I stated, it is very similar to the title I of H.R. 4151, except that we have established a title II and broken out the Diplomatic Security Service and placed it in that title. Title II, Diplomatic Security Service, goes into more detail on the role and responsibility of the Diplomatic Security Service, which is basically drawn from the recommendations out of the Inman Panel report.

Title III still deals with the Performance and Accountability Review Board, as the old title II did. The new language in this substitute reflects a great deal of coordination and work between the Post Office and Civil Service Committee and we think the language is much better and fairer to the employees of the Department.

---

[1] See app. 4.

Title IV is still the authorization of the Diplomatic Construction Program.

Mr. Mica. Let me, if I may, interrupt.

One of the basic differences in title III that you should be aware of is that after the Accountability Board convenes and makes a decision, if it made a decision regarding an individual, under the original language that was submitted and that individual was fired, reprimanded or whatever, that was it. It suspended, I think probably inadvertently, all other legal remedies or administrative remedies.

Under the rewrite, it allows any remedy that you would normally have. If you were found to have acted improperly and so on, that you would have some remedy to go back under the normal course of Government law and personnel policies. I think it's a good change. That is the upshot of the entire change.

All right, title IV.

Mr. McBride. Yes, Mr. Chairman. At this time I would like Thomas Bruce to explain title IV.

Mr. Bruce. Mr. Chairman, title IV, as it appears in your substitute, authorizes the appropriation of such sums as may be necessary for the administration of foreign affairs, for salaries and expenses, and for acquisition and maintenance of building abroad. This also authorizes such sums as may be necessary for research and development for counterterrorism.

However, authorization is tied directly to and limited by the administration's diplomatic security request, as presented by the Secretary of State. We have added language, at Mr. McCain's request, providing funding levels that cannot exceed the overall request submitted by the Secretary of State.

Given the nature of the authorization language, we have added in a number of safeguards which I began to summarize earlier on. The first one is subsection (b), which requires the State Department to submit to the Committees of Foreign Affairs and Foreign Relations of the Senate any submission requesting appropriations.

The second safeguard is the treatment of each project as a reprogramming. In other words, they cannot begin the project without informing the committee of the project and giving us 15 days to review the projected costs and how the Departments intend to go about it.

The third safeguard that we included was the one dealing with cost overruns. We were concerned that, given the authorization, we would not necessarily be able to control cost overruns, so we have forbidden the use of funds authorized under this act to cover costs which were not anticipated and require them to report to us as in the reprogramming, in that situation, before they can go ahead and obligate funds.

We have also under this title added language which would limit bidding on contracts exceeding $5 million to American contractors. We have included, in addition to that, the requirements with respect to contracting. We thought that, given the objections of the members, it would be appropriate if the Director of FBO, the Foreign Billings Office, be directed to create a contract system for bonuses and penalties, to make sure that contracts come in on time and on budget. They are required to report to the Committee on

Foreign Affairs, the appropriate committees of Congress, within 3 months of enactment of this act.

Finally, the last provision in this title, we require the Secretary of State report on the status of implementation of all the remaining Inman Panel recommendations.

Mr. MICA. Any questions?

All right. At this time the amendment will be open for amendment. Are there any amendments before we vote on the substitute?

Mr. SMITH of Florida. Mr. Chairman, I have two amendments.

Mr. MICA. The Chair will recognize Mr. Smith.

Mr. SMITH of Florida. I have two amendments which I will ask be considered en bloc and placed at the end of title IV, which is basically because that's the section it deals with. I guess that would be the catch-all area. So if we can consider them en bloc, that will be just as fast. I don't think they are very controversial.

The first is something we have discussed a number of times, basically nothing more than a sense of Congress statement, that the President should use the authority under chapter 8 of title II of the existing Foreign Assistance Act of 1961, which relates to antiterrorism assistance, to improve perimeter security of U.S. diplomatic missions abroad, and then not later than October 1 of each year submit a report to the Congress on the progress and problems of improving perimeter security.

I certainly have been abroad and seen for myself mission to mission unfortunately what we have to deal with in terms of host country security. While our Marines work internally, every country that we visit has different rules and regulations and desires in terms of providing security for our Embassy outside the territorial extension of the United States, which is the street just outside the walls or the grounds of our Embassies.

Frankly, in many places it is lacking beyond our wildest imagination. In some of the South American countries they don't even have any perimeter security to speak of, and if you call the police, they have two police cars in the whole city patrolling the whole city.

So this doesn't get into the "hornets nest" area of anything else. It allows existing law to be used to upgrade the ATAP Program and other programs which are there, to upgrade perimeter security in addition to other kinds of training which can be given. I think it's a very significant way to go.

The second one is, I think, something we ought to be doing, and that is to protect all the entrances to U.S. diplomatic missions abroad by metal detectors. There are in this world right now a lot of U.S. Embassies where, for one reason or another, the use of them has been waived by the State Department by virtue of requests by the Ambassador, et cetera, and I think we owe it to all the members of the diplomatic corps that work in these Embassies to at least have the entrances guarded by metal detectors, or whatever advanced screening device or system would be currently the most advanced system within the use of the State Department at that time.

I think again that's nothing more than a minimal amount of security that we can ask for, and I would ask that both of these amendments be considered en bloc. It would not appropriate any more funds. These would come from existing funds and under existing law.

[The information follows:]

[March 5, 1986]

AMENDMENT OFFERED BY MR. SMITH OF FLORIDA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE

At an appropriate place, insert the following new section:

SEC. . TRAINING TO IMPROVE PERIMETER SECURITY AT UNITED STATES MISSIONS ABROAD.

(a) TRAINING.—It is the sense of Congress that the President should use the authority under chapter 8 of title II of the Foreign Assistance Act of 1961 (relating to antiterrorism assistance) to improve perimeter security of United States diplomatic missions abroad.

(b) REPORT.—Not later than October 1, of each year, the President shall submit a report to the Congress on the progress and problems of improving perimeter security of United States diplomatic missions abroad.

[March 5, 1986]

AMENDMENT OFFERED BY MR. SMITH OF FLORIDA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE

At an appropriate place, insert the following new section:

SEC. . PROTECTION OF ENTRANCE OF UNITED STATES DIPLOMATIC MISSIONS ABROAD.

The Secretary of State shall install and maintain a walk through metal detector or more advanced screening system at the main entrance of each United States diplomatic mission abroad.

Mr. MICA. The gentleman is requesting the amendments be considered en bloc. Are there any questions regarding the amendments?

I might just indicate that it is my understanding that both amendments are acceptable to the State Department. We have had no objection to the amendments. In fact, I must say I was shocked to learn that a number of Embassies do have metal detectors but, because one Ambassador or another didn't like their appearance, had them set aside in the hall. So it's unfortunate that we have to do it this way, but I support the thrust of the amendment.

Ms. SNOWE. Mr. Chairman, I, too, support both of the gentleman's amendments, because I think the gentleman reinforces two important issues within this bill. The training of local guards is absolutely essential, and we know that standards vary from country to country.

Second, I think we should absolutely require metal detectors at each of the entrances of our mission abroad. So I congratulate the gentleman for raising these two issues.

Mr. MACK. I have just one question.

Mr. MICA. The gentleman from Florida.

Mr. MACK. I know there is no cost in this particular bill, but what would be the cost for the metal detectors, since all Embassies don't have them, and second, what is the additional cost of training? Again, I know it's not in this legislation.

Mr. SMITH of Florida. If I might respond, Mr. Chairman, first as to the additional cost of training, I don't think there will be any additional cost. We bring a number of people already in for the ATA Program, and what we are not doing to some degree is bringing in people that are responsible for the training of those local groups that are generally made responsible in the host country for perimeter security of Embassies. We ought to be bringing them in also, and it is the sense of Congress that as part of that ATA Program we make sure that we coordinate with those parts of the foreign host governments whose responsibility it is to have perimeter security and bring them in to train them.

We don't train the guards; we don't bring the guards here and run them through a school. We bring in the people responsible for supervision and show them how to train their own people. That's what we do with the ATAP Program. We don't bring in every guard from every airport. We bring in the supervisors and show them and tell them what programs we have, explain how the programs work and generally cooperate and coordinate with them.

As far as the metal detectors, I think most Embassies have metal detectors today. Some are not being used and we're mandating they be used. In addition, the cost of the metal detectors is already basically in the diplomatic security program that's here in this bill and is already in place, or is part of the supplemental $330 million which we have given in the last 2 years for upgrading all the Embassies. So I don't see there's going to be any impact.

Mr. **Mica**. Mr. Lamb, could you take the table a moment?

You have just heard the explanation. Can you in any way indicate any cost, other than minimal cost, to implement this legislation?

STATEMENT OF ROBERT E. LAMB, DIRECTOR, BUREAU OF DIPLOMATIC SECURITY, DEPARTMENT OF STATE

Mr. **Lamb**. Yes, sir. I think in both cases the cost would be marginal.

Mr. **Mica**. Do you have metal detectors available for most Embassies?

Mr. **Lamb**. Yes, sir. In fact, I thought we had them for all Embassies, but if we don't, we sure will get them out there.

Mr. **Mica**. But you do have that already programmed?

Mr. **Lamb**. Yes, sir.

Mr. **Mica**. Any other comments? Any questions?

All in favor of the amendments en bloc, as described by Mr. Smith, please signify by saying aye. I move that it's unanimous and we will report it.

At this time are there any additional amendments?

Mr. **Gilman**. There is some report language that is submitted to the chairman to include, and I request that the report be modified as we discussed.

Mr. **Mica**. Let the record show that Mr. Gilman has requested report language accompany this legislation, and I would move—Ms. Snowe?

Ms. **Snowe**. Mr. Chairman, at this time I would also like to direct the staff to include in the report the requirement that the State Department provide us with a report on how it would implement a 10-percent reduction in U.S. personnel overseas, and second, what posts could be closed for security and cost savings reasons.

I think those are two issues that have to be addressed to complement what we're doing in this legislation, which obviously is going to be very expensive. In this context we ought to evaluate what facilities abroad could be closed and where we could reduce personnel, particularly non-State personnel. So I would like to have the State Department give that a priority consideration as we embark on this 5-year program.

Mr. MICA. The gentleman from Florida.

Mr. SMITH of Florida. If I could just ask the gentlelady if there's a timeframe involved.

Ms. SNOWE. No, I have not stipulated, but certainly we could. I think that would be——

Mr. SMITH of Florida. I would suggest they report it within 6 months or so.

Mr. BRUCE. Three months.

Ms. SNOWE. Three months? OK. Then let's put the timetable as being 3 months.

Mr. MICA. Without objection, the gentlelady's request will be included in the report with a time limit of 3 months.

I would move to report H.R. 4151, as amended, to the full committee for future consideration.

Mr. MCBRIDE. You skipped a step.

Mr. MICA. Let me withhold that request and say I would move we accept H.R. 4151, as amended, the substitute to H.R. 4151, as amended. All those in favor signify by saying aye. Nays? The ayes have it and the substitute is accepted, as amended, and I would move that we report H.R. 4151 as amended to the full committee for future consideration.

All those in favor signify by saying "aye." Nays? The ayes have it and the legislation will be reported.

I would like to inform the members that it will be reported tomorrow to the full committee. It will be a substitute or an amendment or a portion of a much larger amendment that will be a portion or an amendment or substitute to an omnibus antiterrorism bill that will be on the floor, if this is reported out favorably, in 2 weeks. So this will be a very fast-track approach for this legislation and it will be contained, according to the leadership, in a massive omnibus terrorism bill that will be on the floor in 2 weeks.

Any additional comments? The subcommittee stands adjourned.

[Whereupon, at 3 p.m., the subcommittee was adjourned.]

THE DIPLOMATIC SECURITY PROGRAM

THURSDAY, MARCH 6, 1986

House of Representatives,
Committee on Foreign Affairs,
Washington, DC.

The committee met in open markup session, at 11:11 a.m., in room 2172, Rayburn House Office Building, Hon. Dante B. Fascell (chairman) presiding.

Chairman Fascell. I want to start out by asking your cooperation. We have a heavy agenda. I want as little staff movement as possible, please.

I want you to be able to talk to your members, but I still hear more talking out there than is possible to tolerate if we are going to take up this heavy agenda this morning.

Thank you.

We meet today to consider several bills.

[Whereupon the committee proceeded to other business.]

Chairman Fascell. The next order of business is a markup of a proposed committee amendment to H.R. 4151 [1] which is before you, the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986. The text of the proposed committee amendment was sent to all members. Titles I to IV contain the provisions marked up in the Subcommittee on International Operations concerning diplomatic security. Titles V to IX contain a comprehensive effort worked out among various members of the committee and members of other committees of jurisdiction. That is, the Committees on Public Works and Transportation, Post Office and Civil Service, Judiciary, and Merchant Marine and Fisheries.

I feel that this legislation represents an outstanding effort to address the various concerns of both committee members and the executive branch regarding the threat of international terrorism.

As you may know, this bill has been put on an expedited basis by the leadership, and is scheduled for floor action the week of March 17. I want to express my thanks to all members on both sides for a strong bipartisan effort to bring this bill out, the committee staff, and the members' personal staffs, for all of their hard work in putting together this important initiative on such short notice. They have literally worked night and day to meet the expedited request of both the House leadership and the administration.

I would like to now recognize the chairman of the Subcommittee on International Operations, my colleague from Florida, Mr. Mica.

---

[1] See app. 5.

Mr. Mica. Thank you, Mr. Chairman. And before I start, I, too, would like to pay special tribute to the staff of the full commitee and subcommittee, Democrats and Republicans. Once Speaker O'Neill and the leadership decided to put this on the fast track, they literally have been working around the clock day and night and weekends to get this ready for presentation today.

H.R. 4151, the Diplomatic Security Act, represents the culmination of years of effort on the part of this committee to provide the Department with the tools that it needs to both manage diplomatic security responsibilities in the United States and abroad, and to move ahead on the design and construction of safe Embassies.

I think that this legislation will strengthen the Department's security operation, and give the committee the oversight that it needs to ensure that the Diplomatic Security Program proceeds without delay.

At this point, I would like to note that in addition to the legislation that is before us, the report that generated this legislation recommended 91 specific changes in procedure and policy of the State Department. Over half of those recommendations have already been implemented, and the committee is being given a regular progress report on the final implementation of the balance of 91 internal changes.

Work on this legislation has proceeded on a strictly bipartisan basis with the subcommittee's ranking minority member, Ms. Snowe, taking a strong hand in the crafting of this bill. I would like to thank her and the minority side for their tremendous cooperation on this legislation.

The Diplomatic Security Act is essential to our continued diplomatic presence overseas. We have a commitment to the safety of our diplomats and their families overseas at a time when Americans are targeted to terrorist attacks. And I might say that the last 3 weeks have been tragic with regard to terrorist attacks. Every expert who has testified before our committee indicates that the balance of the 1980's and 1990's will see increases in these types of problems, and thus the necessity for this bill.

This bill also signals nations that support terrorism that we intend to maintain our diplomatic presence abroad. Let me just point out a few features of the bill.

It reorganizes the State Department with respect to the security functions spelling out the Secretary's responsibility for development and implementation of programs and policies which protect our diplomatic missions overseas including personnel in operations of a variety of U.S. Government agencies overseas.

It presents the Secretary with full responsibility for coordination of all U.S. governmental personnel assigned to U.S. missions abroad, and for the establishment of staffing levels at these posts. It establishes for the first time a Bureau of Diplomatic Security in the Department of State to be headed by an Assistant Secretary for Diplomatic Security responsible, directly responsible, for overseas and domestic security and protective operations, counterterrorism planning and coordination, technical security, and personnel training.

Within that Bureau of Diplomatic Security, the bill creates a new Diplomatic Security Service, we hope a very professional service to be headed by an experienced career civil service or Foreign Service member.

Of critical importance, the legislation provides a mechanism for determining accountability for failures of the security system in cases resulting in serious injury, loss of life, or significant destruction of property.

I might say that this was a suggestion that I put forward, and I feel very strongly that in many of the terrorist incidences, we have had no accountability as to who was responsible, or who could have done more in our own Government to prevent such incidents.

An Accountability Review Board convened by the Secretary of State shall examine the facts surrounding a serious security breach, and make findings are to operational causes of that failure, and possible breach of duty by any individual concerned.

I would also add that all protections under Civil Service law have been added in cooperation with the Post Office and Civil Service Committee in the event that an individual is found negligent by this review board and that they do have due process.

Finally, this amendment would authorize a comprehensive Embassy construction program which would conform to the recommendations of the Inman Panel and speed up our security upgrade program worldwide to meet the growing terrorist threat.

We have built into the legislation what we feel is suitable notification, and in fact very strong notification requirements to the Congress, protections for U.S. contractors, procedures for the treatment of cost overruns, in fact we all but prohibit cost overruns, and promoted contract efficiency.

Finally, let me mention a technical change that was added to the legislation being presented before the committee since it was reported out unanimously by the subcommittee yesterday. This technical change was requested by Congressman Howard, chairman of the Public Works Committee.

It seems that the Public Works Committee and the Foreign Affairs Committee share some jurisdiction in protection of foreign facilities and personnel on U.S. soil, and specifically and in particular at the United Nations.

We have made the technical changes so that both committees can continue to share that jurisdiction, but there would be no interruption in the flow of dollars for protection at the U.N. which shares joint jurisdiction under the two committees.

Mr. Chairman, I would be happy to answer any questions. And again let me say that I think that the committee has done a superb job. I appreciate the work that we have done. We are talking about a major project; 254 facilities will be rehabilitated or rebuilt; 79 will be totally rebuilt with new standards such as the 100-foot setback.

And I might just point out as I conclude my comments, the first Embassy built under the new standards even before the law was passed was in Lisbon. Two weeks ago, there was a major bombing in an automobile. And it was because of the standards contained in this bill that there was no loss of life and no damage. Without those standards, we could have had a Beirut type of situation.

Chairman FASCELL. The gentlewoman from Maine.

Ms. SNOWE. Thank you, Mr. Chairman. Mr. Chairman and members of the committee, as we proceed with this markup, I think that we have to be aware of the realities that make this legislation necessary, and the purpose that we hope to achieve by its passage.

In the past few years, terrorist incidents have continued to grow with Americans as primary targets of international terrorism. This last year alone, 30 percent of all terrorist acts were aimed at Americans, American interests, and the primary targets were American diplomats.

In view of this trend, 2 years ago the Secretary of State established an advisory panel on diplomatic security to be headed up by Adm. Bobby Inman. The Inman Panel made it very clear that terrorist attacks against U.S. personnel and facilities could increase sharply in the years ahead.

The panel also made clear that no matter how much money we spend we could not provide a 100-percent guarantee against such attacks. But it did lay out a number of measures that we could take to reduce the probability of successful terrorist attacks against U.S. personnel and missions abroad.

The question before us as a committee and as a country is whether or not we are prepared to address this problem in the manner recommended by the Inman Panel, which is a comprehensive approach to minimize the threat of terrorism posed to our personnel and facilities abroad. If not, we will continue with the reactive and uncoordinated approach of the past, and in the process will be inviting the consequences for those who serve our interests abroad.

The legislation must be a high priority of this administration. It must be a high priority of this committee, and it must be a high priority of this Congress. The Inman Panel identified the need for security upgrades across the board. It responded to all aspects of security including reorganization within the Department to respond to terrorism, the need for improved training and professionalism, protection against technical security threats as well as protection against the physical threat of terrorism. The most prominent and most expensive recommendation of the Inman Panel, however, was the construction or refurbishing of nearly half of our missions abroad in order to meet minimum security standards. All of these recommendations combined make for a very comprehensive program. Unfortunately, if we fundamentally alter this program in any way, we will minimize our ability to take the necessary action to provide a reasonable degree of security for our personnel and missions overseas.

In working on this legislation, Chairman Mica and I drafted strong language to provide as much as assurance as possible that this program will be kept on schedule and within budget. As the chairman of the subcommittee mentioned, there are 254 construction, renovation, or relocation projects in this legislation for a combined capital cost of $2.7 billion, with an additional $1.4 billion for salaries and expenses. We simply cannot afford to have even a small percentage cost overrun in this program. So toward that end, we mandated in this legislation penalties and rewards in order to keep these contracts on schedules. We also have a provision within the legislation that prohibits the expenditure of any funds for increased project costs without the approval of this committee.

In addition, we included language that requires the State Department to report to Congress within 3 months ways in which we can reduce personnel abroad by 10 percent, and what consulates might be closed to respond to the many issues that have been raised by the Inman Panel.

I would urge my colleagues to consider very carefully this legislation. It is multifaceted approach to what is a very difficult problem. Our action today is but the first step in this process. As this program gets underway, close oversight will be required by this committee and the Congress to make sure that every dollar is spent efficiently and productively.

The Inman Panel clearly stated that the failure to undertake this program by the Congress could lead to significant damage, loss of life, and ultimately a compromise of national security standards. So I would urge the support of this committee, so that we can move forward a 5-year authorization to begin what needs to be done. Thank you, Mr. Chairman.

Chairman **Fascell**. Mr. Broomfield.

Mr. **Broomfield**. Thank you, Mr. Chairman. First of all, I want to thank Dan Mica, chairman of the International Operations Subcommittee along with Olympia Snowe, the ranking minority member, and yourself for moving this bill along.

The administration does support this legislation. In fact, I just got a letter from Secretary of State Shultz. And he said that:

> I want you to know fully that I support the efforts to implement the Inman Panel recommendation. It is essential to see to it that those who are on the front lines of service in our posts abroad are able to carry out their missions in a proper environment of security. We all know that this is a year of great budget stringency, but the safety of our people is of upmost importance, Sincerely, George Shultz, Secretary of State.

Now I agree that we must do all that we can as a country to protect our fellow citizens serving at high threat Embassies overseas. Let us face the facts. The threat of terrorism will continue to grow. It will be with us for many years. We as a nation must be ready to confront the threat by using a variety of options. This bill gives our Government those badly needed options.

The bill before us implements many of the recommendations of the Inman Panel, a bipartisan blue ribbon group which looked at the problems of terrorism, and the protection of our Embassies and personnel in the field.

The legislation also authorizes an extensive Embassy building effort overseas, particularly in the high threat countries. It establishes the Department of State's new Diplomatic Security Service which is tasked with the protecting of our U.S. mission people.

In this age of terrorism, we must use every option of fighting terrorists. Some of the provisions in the bill focus on improving shipboard and port security. Who can forget the *Achille Lauro?*

A most wanted international terrorist list has been proposed in this bill. Terrorists are criminals, and they must be called that. Rewards will be paid under this legislation for information regarding these terrorists. More international cooperation is being sought by this bill in the area of passport and visa issuance along with the creation of international antiterrorist committees to promote better cooperation among friendly governments.

And finally, terrorist supporting countries must stop abusing the diplomatic privileges of the Vienna Convention. The victims of mindless terrorism should be compensated. The bill before us meets these concerns.

Finally, Mr. Chairman, I want to commend the committee for its efforts to focus on the menace of terrorism and to do something about it. I want to indicate my strong support for the bill before us today.

Mr. **LAGOMARSINO**. Will the gentleman yield?

Mr. **BROOMFIELD**. I would be happy to yield to my friend from California.

Mr. **LAGOMARSINO**. I thank the gentleman for yielding. I want to commend the gentleman for his statement, and to join in it. It seems to me that the bill is a major step forward. I commend the leadership of the committee and all those who worked on it. And although it is not within our jurisdiction here, I would hope that all of us in our capacity as Members of the Congress will also support the provision of better intelligence, because the only way that you can really stop terrorism is to find out about it first and stop it as has been done in many cases, some of which have not received the publicity that they probably should not receive, so terrorists do not know how we are doing.

Mr. **GILMAN**. Will the gentleman yield?

Mr. **BROOMFIELD**. I would be happy to yield.

Mr. **GILMAN**. I thank the gentleman for yielding. And I, too, want to associate myself with the remarks of the gentleman, and commend the subcommitee chairman, Mr. Mica, the gentleman from Florida, and the gentlelady from Maine, Ms. Snowe for bringing this measure before the committee at this time, when we are faced with mounting acts of terrorism and the need for counterterrorism training and more security at our posts. This is a long needed measure.

As the chairman of our commitee knows, we have worked for many years in our committee to try to expedite the improvement of security around the world to protect our own personnel and our posts. This measure will do just that, in addition to providing for counterterrorism planning and security measures that I hope will help in protecting the people who are doing such an important job for us in our posts overseas. And I thank the gentleman for yielding.

Chairman **FASCELL**. Mr. Smith.

Mr. **SMITH** of Florida. Thank you, Mr. Chairman. Let me echo the sentiments of my other colleagues in thanking both Chairman Mica and the ranking minority member, Ms. Snowe, for doing an excellent job on this. As a member of the subcommittee, I am very proud of the way that this was handled, and frankly very proud of all of the members of the subcommittee who had to handle a very difficult subject and a subject which admittedly is very costly.

And I think that it was done appropriately in a bipartisan fashion and with a great amount of basic commitment to getting the job done. Because after all, it is in essence the only way that we have to protect the lives of Americans abroad who are working in the diplomatic service.

If we want good people to come into the diplomatic corps, and everyone knows that that is what we need for the future of this country as our role in diplomacy continues to remain so strong, that we need to make sure that they believe that they are going to be protected if they come to work for the United States of America and have to go overseas.

You cannot attract good young people into the Foreign Service as possible career diplomats if they are going to put themselves, their wives, and/or their children and families on the line every day. They will not come, they will not be there, and we will not be able to do what we have to do in our role as people who are trying to bring peace over the world without the personnel to do it.

Second of all, I want to say that as it relates to the provision of the direct Embassy security section, the buildup of new Embassies with new stringent security requirements, and the remodeling and the refurbishing of the various Embassies that already are in existence to upgrade them to the new security requirements, that I think what has been done has been an excellent job of drafting a bill which allows this Congress to guard very carefully the money that is going to be spent.

Yesterday at the subcommittee level, I raised the issue of how much each Embassy was being allotted that is on the list for possible new buildings or upgrades, and there is a provision in the bill that each one of the drawdowns is going to be treated as a reprogramming. So that every time that money is requested for one of these projects, our committee will in advance have the ability to look at it to determine whether it is a legitimate spending of tax dollars, not just afterward when the cost overruns come, there is a separate section on that, but right up front when it comes to authorizing and spending for that project.

We do not want to micromanage, but neither do we went $50 million projects in countries where they do not spend that much money for all of their government buildings put together as the host country. So we are going to be looking at it very carefully. And I commend the chairman and Ms. Snowe for having done what was appropriate and what was right.

I think that it is a very good job, and it is something that we need. And hopefully, all of you can support it, and help us get it supported in the full Congress. Because the people of the United States really need to know that not only the diplomatic service but through the diplomatic service that the Americans overseas are going to be protected as well. Thank you, Mr. Chairman.

Chairman FASCELL. Mr. Wolpe.

Mr. WOLPE. Thank you, Mr. Chairman.

I would also like to extend my congratulations to both Mr. Mica and Ms. Snowe for an excellent piece of work produced by their subcommittee.

I would just like to say a couple of words about a subject that has not received that much attention which is title VI of the omnibus bill. It is the title affecting international nuclear terrorism.

As you know, this is a subject that I have been extremely concerned about for several years and I am delighted to see our committee assert this leadership in what assuredly is one of the most serious of all pending threats to our national security—the prospect of terrorists "going nuclear."

The text of title VI is virtually identical to the Nuclear Terrorism Act of 1986, introduced by Representative Barnes and myself. These provisions are very modest and minimal steps that must be taken if we hope to stave off the day when terrorist groups acquire a nuclear explosive.

Obviously, this effort will require extensive international cooperation. So title VI directs the President to seek universal adherence to the Convention on the Physical Security of Nuclear Material.

Further, it asks the President to work with our allies and other countries to minimize the amount of nuclear explosive material in international transit and to insure the most stringent of security conditions for any such shipments. With incidents of international terrorism so clearly on the rise, these efforts to keep nuclear weapons grade material out of circulation and out of the hands of terrorist groups takes on an added urgency.

This title also directs the President to seek agreement within the United Nations Security Council on an effective international strategy to deter nations or subnational groups from engaging in acts of nuclear terrorism and to respond on a coordinated international basis should such a catastrophy occur.

The final provision I would like to highlight seeks to strengthen the role of the Department of Defense in assuring that the physical protection standards applied to all exports or subsequent transfers of special nuclear material are fully adequate to deter theft, sabotage or any other act of terrorism which would result in the diversion of that material.

We cannot afford to settle for any lesser standard when the stakes are so terribly high.

Again, let me congratulate our chairman for his leadership on the issue of nuclear terrorism. I know it is difficult to focus attention on a problem which has not yet become a reality, but I think our Nation, if not the world, will be thankful for the foresight of this committee in recognizing that we simply can no longer ignore or underestimate the utter horror should any terrorist group get the bomb.

Mr. BARNES. Will the gentleman yield?

Mr. WOLPE. I would be pleased to yield to my senior colleague from Maryland.

Mr. BARNES. I thank the gentleman for yielding.

I want to commend Mr. Wolpe, Mr. Mica, Chairman Fascell and others who have worked with us on this nuclear terrorism portion of the bill.

When you think about the amount of potentially weapons grade material that exists in the world and the number of shipments that are taking place and the increasing number of shipments every year, and you think of the next decade, two decades, three decades, it is frightening. Unless we take very tough action to assure the most stringent conceivable protection of nuclear material, it is almost inevitable that some day we will face the ultimate terrorist horror of a city being threated with nuclear destruction by a terrorist group. It is almost inevitable that that will happen unless we do everything humanly possible to avert it.

Quite frankly, I do not think that this bill goes far enough. It is a good step. I had wanted to do more in the bill. Maybe we can on another day. This is a good step forward, but if it ever happens, if a city in America or anywhere in the world is ever threatened by a nuclear terrorist who somehow got a hold of a shipment of nuclear material which is under our control, we are going to be faced, everyone of us, with the question of why we did not do more to avert this ultimate terrorism. This is a good first step. I hope we will do more in the future, and I commend everybody who has worked on this. It is a compromise; it is not everything I wanted. But I do not think there is anything more important in this bill.

Thank you for yielding.

Chairman **Fascell**. Mr. McKay.

Mr. **McCain**. Thank you, Mr. Chairman.

I would also like to extend my appreciation, as the other members have, to Mr. Mica and Ms. Snowe on the outstanding work they did on this bill.

Mr. Chairman, we still need tools to be able to punish those people who perpetrate offenses against U.S. citizens, as has been pointed out by other speakers earlier.

Mr. Chairman, on February 19 the Senate passed S. 1429, the Terrorist Prosecution Act, by a vote of 92 to 0. Congressman Kramer has introduced similar, yet more detailed legislation, H.R. 4304, which is to create a Federal criminal offense for terrorist acts against U.S. nationals abroad, and to provide sentencing procedures for certain capital offenses and for other purposes.

Mr. Chairman, it is my intention to seek an agreement with the Judiciary Committee, to which this bill has been referred, to allow this legislation to be amended onto the omnibus antiterrorism on the floor of the House. I hope that I would get the support of other members of this committee, as I believe that it is a part of our battle against terrorism that is long overdue.

I would like to commend the Inman Panel and the work that Chairman Mica did on the panel. I also would like to thank Chairman Mica for the inclusion of language to limit appropriations for a fiscal year so they may not exceed the amount specified for such a program in the Department of State's budget in brief for fiscal year 1987.

I think all of us are concerned that many bills become permanent budget items rather than one-time authorization. I feel that this language will prevent that from happening.

I yield back.

Chairman **Fascell**. Mr. Lantos.

Mr. **Lantos**. Thank you, Mr. Chairman.

Time is short and I do not want to be repetitive, but I would like to make a point.

First, I want to commend the administration for the work they have done on this. The gentleman from Florida, the gentlelady from Maine, and particularly yourself who has given us so much leadership on this issue.

I think we need to ask the question why is it, in an age of Gramm-Rudman, a $4 billion program is sailing through with no difficulty, no obstacles, universal acolades and general applause. And I think the answer is clear. This issue has been approached in a nonideological, nonposturing, thoughtful, serious, mature, adult and logical manner. That is presumably how our Government ought to work.

It is my modest suggestion, Mr. Chairman, that a number of other problems we face in the domestic arena could be approached similarly: Housing for the low-income elderly, community health centers, medical research, college student loans, nutritional programs for children and pregnant women can be approached with the same degree of nonideological and mature manner in which we approached this particular crisis facing our Embassies.

And I hope as one who is the center of the political spectrum, that my colleagues on either side will see that we get our job done if we approach things in a manner which was so beautifully demonstrated in a Gramm-Rudman atmosphere of $4.5 billion spent on Embassy security.

I strongly urge approval of this legislation. This is the way an adult society should function.

Chairman **Fascell**. Mr. Weiss.

Mr. **Weiss**. Thank you very much, Mr. Chairman. I will be very brief.

I think that this is a monumental piece of legislation and you and Mr. Mica and Ms. Snowe and the others who worked on it deserve a tremendous amount of credit for moving it forward. Although the leadership of the House asked for action only recently, we all know that parts of this legislation have been worked on for years. And this is a culmination of all of that effort.

I want to take note of the fact that one of my constituents, Mr. Klinghoffer, whose death the whole Nation and the world noted, and whose widow testified before our subcomittee on maritime terrorism and terrorism generally, has I think been acknowledged in part of this legislation because because of the preliminary steps toward protection against maritime terrorism.

In some respects this legislation marks only a first step, but I think it is a very sound basis on which to build. And I thank you very much.

Chairman **Fascell**. Mr. Solomon.

Mr. **Solomon**. Mr. Chairman, let me just also concur in all the acolades to the majority and minority member on this legislation and also support it. But as Congressman Barnes has mentioned before, it really does not go far enough. And the reason that it does not go far enough is that it does not deal with the root problem.

The grandson of no less than Augusto Sandino, the founder of the Sandinista Party, has told us where terrorism comes from in the Western Hemisphere.

The reason I mention this is because we are going to be dealing with a piece of legislation just after this which may really begin to get to the root of the problem.

It seems the Sandinista government has a long history of association with the PLO, predating even the Nicaraguan revolution itself. The PLO maintains an embassy in Managua, and Yassar Arafat has been declaring publicly since 1980 the solidarity between the PLO and the Sandinistas, which is one reason that Sandino's grandson was put in prison for 3 years, because he opposed that kind of association.

The M19 terrorist in Colombia that was involved last fall in the takeover of the Justice Ministry in Bogotá openly maintains a political office in Managua. Again we can see the root of the problem in this Western Hemisphere.

The Sandinistas have rebuffed Italian inquiries and extradition requests involving 22 Italian terrorists, many of whom are connected with no less than the Red Brigade. All of these people have been given sanctuary in, where else? Nicaragua, despite the fact that many of them have been sentenced in absentia by the Italian courts.

Since 1984, Colonel Qadhafi, another exporter of terrorism, has publicly proclaimed his material support to the Sandinistas and the Libyan involvement in the common struggle against the United States and our allies.

Also, you know, since 1984, there has been an increasing flow of travel between Nicaragua and no less than the country of Iran, including visits by high ranking officials of both countries. This development would appear to confirm reports first made by the PLO 6 years ago about Iranian involvement with the Sandinistas in terrorist activities.

Evidence is also accumulating about the presence in Nicaragua of West German terrorists connected with the Bader Meinhof Gang and Peruvian terrorists involved with the Shining Path guerrillas, all having access to Sandinista officials.

Let me just say that virtually every Latin American terrorist group has a representative in Managua and that is the root of the problem, ladies and gentlemen. That is why we ought to be supporting the legislation that will come next because, as Congressman Michael Barnes has said, this bill does not go far enough; let us go far enough and let us solve the problem once and for all.

Chairman **Fascell**. Well, I appreciate the comments but let us stick to this bill.

Mr. Bereuter.

Mr. **Bereuter**. Thank you, Mr. Chairman.

I will echo the commendations of my colleagues for the chairman and ranking member of the subcommittee and for the administration for their assistance.

I think that section 702 deserves some discussion. It is important if we are to have any success or maximize our success that we have international support. Section 702 directs the President to continue to seek the establishment of an international committee to be known as the International Antiterrorism Committee, consisting of representatives of the countries of the North Atlantic Treaty Organization, Japan and such other countries as may be invited or who may choose to participate.

These points need to be made with respect to the importance of this section.

One, terrorism is an international problem and international cooperation is needed in order to eliminate the threat.

Second, more and more countries are beginning to realize that intelligence sharing and cooperation in the many facets of countering terrorism is a sound and workable approach.

Third, such a committee would focus the attention and secure the cooperation of concerned governments on the problems and responses to terrorism.

And, fourth, the committee would serve as the forum at the political law enforcement levels or on an operational level.

Cooperation has begun but more is needed.

Chairman Fascell, Chairman Mica, and others have begun the effort through discussions at the United Nations with representatives of selected nations. We have wide ratification of the Vienna Convention which is aimed at protecting our diplomatic missions across the world. And it seems to me that that is one of the basic elements which should bring us together in an international cooperative effort against terrorism. So I strongly speak in support of the legislation, and particularly at this moment on behalf of section 702.

I yield back my time.

AMENDMENTS OFFERED BY MR. DYMALLY

Chairman **Fascell**. All right. Now we will consider amendments. Mr. Dymally, I believe you are first up.

Mr. **Dymally**. Thank you very much, Mr. Chairman.

I ask unanimous consent to take up my amendments en bloc. They all are related to each other, although they deal with different sections of the legislation.

Chairman **Fascell**. Mr. Dymally, we have an objection to taking all three of them up en bloc. I understand that there is no objection to taking the first two en bloc, if that is OK with you.

Mr. **Dymally**. Thank you very much, Mr. Chairman.

Chairman **Fascell**. So without objection, the first two Dymally amendments will be considered en bloc.

Mr. **Mica**. Mr. Chairman.

Chairman **Fascell**. Yes.

Mr. **Mica**. If the gentleman would yield and accept a minor change in the third one, we could take all three en bloc.

Mr. **Dymally**. Yes, I shall.

Mr. **Mica**. The change on the third amendment regarding an American minority contract, there is a 10-percent set aside. I totally agree with the thrust.

We have been notified by staff and the State Department that to set aside 10 percent, even though we do not have that many international contractors that are minority owned, could in effect freeze money.

So I would just add after "allocated" "to the extent practical" or "possible," either one.

Mr. **Dymally**. Fine.

Mr. **Mica**. And then we can take them en bloc.

Mr. **Dymally**. Very well.

[Amendments offered by Representative Dymally follow:]

[March 5, 1986]

Amendment Offered by Mr. Dymally

Page 25, after line 2, insert the following new subsection:

(d) American Minority Contractors.—Not less than 10 percent of the amount appropriated pursuant to section 401(a) for diplomatic construction projects shall be allocated for contracts with American minority contractors.

[March 5, 1986]

Amendment to the Mica/Fascell Amendment to H.R. 4151 Offered by Mr. Dymally

Page 25, at the end of line 10, insert the following new sentence: In employing persons for such program, the Secretary shall actively recruit women and members of minority groups.

[March 5, 1986]

Amendment to the Mica/Fascell Amendment to H.R. 4151 Offered by Mr. Dymally

Page 13, after the sentence ending in line 5, insert the following new sentence: In filling such positions, the Secretary shall actively recruit women and members of minority groups.

Chairman Fascell. Will the gentleman from California explain his three amendments? And without objection, when we get to the third one, we will agree on the amendment to the amendment. But would you explain your first amendment, please?

Mr. Dymally. Thank you very much, Mr. Chairman.

By way of background, you will recall in all of the breakfasts which you have hosted for the Secretary of State I raised the question of decline of affirmative action in the State Department. And in each inquiry I made of the Secretary, he committed himself to doing something about it.

In the last breakfast, I pointed out to him that each time I asked him the question, the numbers of minorities declined in the State Department, and that is the reason I did not come to the breakfast this morning for fear that I may have been opposed in my amendments, because my success has been declining with the Secretary of State.

But he was deeply committed to this, and challenged me to stick with the subject and to keep pressuring him to do something about it. So this is my response to the Secretary's challenge.

These amendments will basically do, Mr. Chairman, what you did last year here with U.S. AID programs providing some opportunities for minority contractors to participate in the construction and the rehabilitation of these many diplomatic posts across the world.

The first amendment is on page 13, and it simply says, "In filling such positions, the Secretary shall actively recruit women and members of minority groups."

You know that I have not placed any quotas or any timetables, any objectives; simply an expression of good faith on the part of the Secretary, and considering the Secretary's record on this subject at the University of Chicago and the Ford administration. I am confident, Mr. Chairman—and that is why I yielded to the chairman's request to talk out the 10 percent—that the Secretary, this Secretary, I do not know about his successor, will implement this piece of legislation because his past record on this subject has been an excellent one.

The second amendment I think is the one Mr. Mica had some amendments to, not the third one. This is the one that deals with the 10 percent, and that is on page 25 and I will be pleased to accept Mr. Mica's amendment.

Chairman **Fascell**. Is there any objection to the Mica amendment to amend amendment No. 2?

[No response.]

Chairman **Fascell**. Without objection, the amendment is agreed to.

Mr. **Dymally**. Thank you.

And, Mr. Chairman, the final amendment is simply again an expression of good faith. It says, "In employing persons for such program, the Secretary shall actively recruit women and members of minority groups."

Again, I have confidence, based on his past record, that the Secretary will implement these amendments in the bill.

I now ask for a vote.

Chairman **Fascell**. All those in favor of the amendments en bloc, as amended, signify by saying "aye."

[Chorus of ayes.]

Chairman **Fascell**. All those opposed, "no?"

[No response.]

Chairman **Fascell**. The ayes have it and the amendments are agreed to.

We have a rollcall on the rule which adopts the reconciliation package. We will therefore recess until 1:30, come back, and finish our legislative agenda for the day.

[Whereupon, at 12:14 p.m., the committee recessed, to reconvene at 1:30 p.m.]

Chairman **Fascell**. The committee will come to order.

Are there any further amendments to titles I through IV?

[No response.]

Chairman **Fascell**. Is there any further discussion?

[No response.]

Chairman **Fascell**. If not, we will take up the omnibus sections 5 through 9 which, without objection, will be considered as original text for the purpose of amendment.

Are there any discussions or amendments?

Mr. **McCain**. Mr. Chairman.

Chairman **Fascell**. Mr. McCain.

Mr. **McCain**. Mr. Chairman, on title VII, I would like to make a statement concerning language that is in the Bonn statement. Last year, as we all know, Mr. Abu Abas who was responsible for planning the *Achille Lauro* hijacking escaped justice in two foreign nations. This section will help ensure that such a travesty is never repeated.

The language included seeks to have terrorism included for discussion at the Tokyo summit. In addition, it directs President Reagan to expand the agreed statement of the seven industrial nations regarding aircraft hijackings. I think that that declaration of policy must include all hijackers, not just those of aircraft. Those who plan the hijackings must also be brought to justice.

Finally, this language seeks to expand the range of sanctions imposed on nations that evade their responsibility to the civilized world by not turning over terrorists to justice.

Mr. Chairman, on title VIII, I would like to have a colloquy with Mr. Mica for a brief moment. Mr. Mica, as you will recall when the committee first considered this bill and favorably reported it out of committee, I contemplated offering two amendments. One would change the amount of the cash payment contained in section II for U.S. Government employees, and in section V for members of the uniformed services.

The other amendment would eliminate language in the bill which gives the President the authority to consider harshness of treatment in granting a cash payment. After some discussion, I agreed to withhold these amendments in favor of offering them on the floor of the House.

Although we are considering this bill again as part of a larger package of terrorism related provisions, I would like to ask the gentleman if the committee still intends to seek a rule that would allow me to offer the amendment during House consideration of the omnibus bill?

Mr. MICA. Absolutely. What the gentleman is referring to is the fact that the administration had requested a lump sum payment in the hostage relief legislation. The committee did not agree with the lump sum payment, and came up with a formula based upon a per diem amount for each day that an individual Government employee was held hostage.

The gentleman had some concern over the figures. And I must say in all fairness that it is very subjective. It could be any amount. And we will try to seek a rule that will allow a discussion on the Floor.

Mr. MCCAIN. I thank the subcommittee Chairman, and I thank you, Mr. Chairman.

Chairman FASCELL. Mr. Smith is next.

Mr. SMITH of Florida. Thank you, Mr. Chairman.

Chairman FASCELL. This is a vote on the rule on the farm bill and as soon as we vote on that we'll come right back

Mr. SMITH OF FLORIDA. Mr. Chairman, section 203 of the draft bill is an amendment that I have proposed that was incorporated in the bill to allow the Secretary of State to provide rewards to individuals who give us information on narcoterrorist acts and on major narcotics traffickers.

Basically, this amendment would expand the authority in the existing law to give information rewards on terrorist acts to apply to narcoterrorist acts as well. Since this amendment tracks existing law very closely, let me review that law briefly before explaining.

Current law, section 36 of the State Department Basic Authorities Act, provides that the Secretary of State may pay rewards to any individual who furnishes information leading to the arrest or conviction of anyone engaged in an act of international terrorism if that act is against a U.S. person or U.S. property and is outside of U.S territorial jurisdiction.

A $5 million fund was established to pay such information rewards. Similar legislation permits the Attorney General to pay such rewards domestically. The proposed amendment would amend current law to permit the Secretary to provide information and rewards leading to the arrest or conviction of individuals involved in narcoterrorist and narcotics acts to be provided under the same conditions as in current law.

It would also add $5 million a year in no year funds to the current $5 million pot. The new $5 million would be an earmark available only for narcoterrorist narcotics trafficking rewards. Narcoterrorism is defined as the killing or kidnaping of a U.S officer, employee, or contractor, or member of their immediate family while engaged in drug enforcement overseas.

Information for rewards on narcotics trafficking would be limited to class 1 violators which is major traffickers. A report to the Congress would be required for any information rewards paid.

I would like to close by emphasizing why this amendment is necessary. First, violence is increasing against U.S. officials and contractors engaged in narcotics enforcements overseas. DEA Agent Camarena in Mexico, Peruvian eradication workers and the like.

In some countries, traffickers have put a price tag on DEA agents and other U.S. officials. However, the State Department does not consider such acts to fall under the rubric of international terrorism, and the Secretary has no other authority to offer rewards.

Second, there are major narcotics traffickers who it would be almost impossible to prove that they have in fact killed U.S. citizens, but who nonetheless finance and encourage such acts as well as exporting huge quantities of drugs to the United States.

There is currently no authority to provide information rewards on the Carlos Laders and Pueblo Estobars of this world, and there are plenty of them. This amendment would provide that authority to the Secretary.

The State Department with my help has requested and feels that it needs this legislation, and strongly supports this part of the bill. I know of no opposition to it. Chairman Mica has endorsed it, and has contributed to its drafting. And my cochair on the committee's Narcotics Control Task Force, Mr. Gilman, has also made valuable suggestions.

I think that it will prove a very useful tool in our fight against narcotics to be able to fight fire with fire. If the drug traffickers can put a price on our officials' heads, why should we not be able to strike back by putting a price on their heads. And I urge in conjunction with the rest of the bill that this portion be favorably adopted, and that our colleagues understand the value of doing this in the international narcotics terrorism field.

Chairman Fascell. Let us take a short recess. We will go vote and come right back.

[Recess.]

Chairman Fascell. The committee will come to order.

The gentleman from Massachusetts has a statement with regard to section 508.

Mr. Studds. Thank you, Mr. Chairman. I would like to say a couple of words about section 508, the authority to control certain terrorism-related services.

This section as it is currently drafted reflects an effort on my part to narrow—and I emphasize the word narrow—a proposal put forward by the administration about a year and a half ago. That proposal was prompted by the *Wilson-Terpil* case which caused the Justice Department to conclude that Americans could lawfully provide service of great value to countries seeking people and skills useful in the execution of terrorists acts; that is to say, people and skills as opposed to things.

The administration's proposal is drafted in an extremely broad fashion raising a host of questions about who it would affect and how it would be implemented. The language included in the draft bill, however, differs from the administration proposal in that it applies only to services having a direct military, law enforcement or intelligence application, and it applies only to services provided to governments that have been placed by the Secretary of State on the list of those actively supporting international terrorism.

I would like the record and the committee report explicitly to reflect my very strong belief that the language in the draft is the broadest that we should possibly support. I hope the committee will resist any effort to extend its applicability at any point in the legislative process.

Second, I want to emphasize the fact that the Secretary is authorized to impose controls on services only if he determines that in so doing he will discourage support for international terrorism. Our goal should be to stop the provision of services that will lead directly to an improved capacity on the part of the hostile foreign power to carry out or to support acts of terrorism. We are giving the Secretary an authority to help him combat terrorism, not to restrict in any other way the right of American citizens to go about their business as they please.

I think this language has the merit of speaking to the problem that prompted it; namely, the *Wilson-Terpil* case, without going beyond it to try to solve problems that do not exist. I think it is consistent with other actions our committee has taken to limit the export of things, weapons and so-called dual-use items, to countries on the terrorist list. I think we have to recognize that under some circumstances the provision of services can be at least as damaging as the sale of a truck or a rifle.

I am a somewhat reluctant sponsor, I think you know, of this language, but I think it is far preferable to the proposal in its original form. And I hope if anyone has any questions about it, they will ask someone else. [Laughter.]

Chairman Fascell. Mr. Weiss.

AMENDMENT OFFERED BY MR. WEISS

Mr. Weiss. Mr. Chairman, I have an amendment to offer, as well as some language in lieu of an amendment, to appear in a report which has already been agreed to. But I would like to offer it, and for the purpose of offering it——

Chairman Fascell. The clerk will report the amendment.

Mr. Brady [reading]:

> Amendment to the Mica-Fascell amendment to H.R. 4151 offered by Mr. Weiss. Page 35, strike out line 22, and insert in lieu thereof the following: Provision of such services would aid and abet.

Chairman Fascell. Mr. Weiss.

Mr. **Weiss.** Mr. Chairman, I think that the language of this amendment really carries out the intent as expressed by Mr. Studds, and we have discussed it thoroughly with the staff. And I do not think there is any objection.

Chairman **Fascell.** I think it aids the bill, Mr. Weiss, and I am prepared to accept it.

Chairman **Fascell.** Any discussion with respect to the amendment?

[No response.]

Chairman **Fascell.** The question is on the adoption of the Weiss amendment, all those in favor signify by saying "aye."

[A chorus of ayes.]

Chairman **Fascell.** All those opposed, "no."

[No response.]

Chairman **Fascell.** The ayes have it, and the amendment is agreed to.

Mr. **Weiss.** Mr. Chairman.

Chairman **Fascell.** Oh, I am sorry. You have some language you want to propose.

Mr. **Weiss.** Right, if I may.

Mr. Chairman, I had intended to offer an amendment on page 37 to section E. However, because the language of that section has been agreed to by other committees, it has been suggested that since the intention can just as easily be carried forward in the report, I would simply like to read language which I think will carry out what was intended to begin with.

It would relate to the language on page 37, line 15, in the section headed "violations," and it says,

> The purpose of section 508 is to control the provision of services which aid and abet international terrorism. The inclusion of the term "willfully" in section 40[e] of the amended statute makes it explicit that this section is violated only by those who provide designated services with the specific intent and knowledge that such action would aid and abet international terrorism.

I think again it just simply spells out what was intended.

Chairman **Fascell.** Thank you, Mr. Weiss. We will include that in the report.

Mr. **Weiss.** Thank you, Mr. Chairman.

Chairman **Fascell.** Mr. Studds.

AMENDMENT OFFERED BY MR. STUDDS

Mr. **Studds.** Thank you, Mr. Chairman. Mr. Chairman, I do have an amendment to title IX, and I think the members have it in front of them. And I would like to take a moment to explain it, if I may.

Chairman **Fascell.** Well, let's let the Chief of Staff read it for the record, Mr. Studds.

Mr. **Brady** [reading]:

> Amendment to draft substitute to H.R. 4151 offered by Mr. Studds——

Mr. **Studds.** Mr. Chairman, I would ask unanimous consent to dispense with the reading.

Chairman **Fascell.** Without objection, the amendment will be considered as read, printed in the record, and open for amendment.

[The full text of the amendment to draft substitute to H.R. 4151 follows:]

AMENDMENT TO DRAFT SUBSTITUTE TO H.R. 4151 OFFERED BY MR. STUDDS

At the appropriate point in the bill, add the following new section:

SEC. . PORT, HARBOR, AND COASTAL FACILITY SECURITY.

The Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.) is amended by inserting after section 6 the following new section:

"SEC. 7. PORT, HARBOR, AND COASTAL FACILITY SECURITY.

"(a) GENERAL AUTHORITY.—The Secretary is authorized to take the actions described in subsection (b) in order to help prevent and respond to acts of terrorism against—

"(1) vessels and public or commercial waterfront facilities that are located on or near the navigable waters of the United States, and

"(2) vessels and facilities located on the outer Continental Shelf (as defined in section 2(a) of the Outer Continental Shelf Lands Act).

(b) SPECIFIC AUTHORITY.—In order to carry out this section, the Secretary is authorized—

"(1) to obtain, analyze, and coordinate the use of information concerning actual or potential terrorist threats to the vessels and facilities referred to in subsection ([illegible]

"(2) to recruit and train additional members of the Regular Coast Guard and the Coast Guard Reserve in the techniques of preventing and responding to acts of terrorism against such vessels and facilities;

"(3) to use members of the Regular Coast Guard and the Coast Guard Reserve to carry out other activities authorized by law to be carried out by the Secretary, including inspections, port and harbor patrols, and the establishment of security and safety zones, for the purpose of preventing acts of terrorism against such vessels and facilities;

"(4) to purchase equipment for use by the Coast Guard, except that not more than 20 percent of any amounts appropriated to carry out this section may be used for purposes of this paragraph; and

"(5) to develop plans and procedures to respond to acts of terrorism against such vessels and facilities.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $125,000,000, to be available until expended, to carry out this section and to conduct the assessments required by sections—and—of the Omnibus Anti-Terrorism Act of 1986."

Chairman **FASCELL**. Mr. Studds.

Mr. **STUDDS**. Thank you, sir.

I would point out to members that title IX deals in general with the question of maritime security. This title was derived from several pieces of legislation, including one introduced by Mr. Ackerman of this committee submitted in the aftermath of the *Achille Lauro* hijacking last fall. The text in the draft was developed through a cooperative effort involving the staff both of this committee and the Committee of Merchant Marine and Fisheries.

I would also note for my colleagues that under ordinary circumstances both this title and the amendment, which I now offer, would prompt a request for a sequential referral from the Committee of Merchant Marine and Fisheries. However, the leadership, both the majority and minority, of that committee have agreed to forgo any such requests for the purpose of facilitating action on this bill. And the amendment which I offer has the support of, and I offer it essentially on behalf of, both the Democratic and Republican leadership of the Committee of Merchant Marine and Fisheries. And I would ask that a letter signed by those folks appear at this point in the record.

Chairman Fascell. Without objection, the letter will be included in the record.

[The full text of the Merchant Marine and Fisheries letter follows:]

March 12, 1986.

Hon. Dante B. Fascell,
Chairman, Committee on Foreign Affairs, House of Representatives, Washington, DC.

Dear Mr. Chairman: I would like to congratulate you on bringing the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986 to the House in such an expeditious manner. It was indeed a pleasure to cooperate with your Committee on those matters over which this Committee has sincere concern and jurisdiction.

As you know, our Subcommittee on Merchant Marine held extensive hearings, both in Washington and at Florida ports that are dominant in the cruise passenger trade, following the *Achille Lauro* incident. Based upon these investigations, the Subcommittee on Merchant Marine recommended that certain steps be taken to better prepare the United States and its citizens against the threat of terrorism on the high seas and in ports. The Committee on Merchant Marine and Fisheries wholeheartedly supports these recommendations that are now included in Title IX of the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986.

Because of the urgency of the matters contained within this bill, we have agreed to forego further consideration of those measures within the joint jurisdiction of the Committee on Merchant Marine and Fisheries and the Committee on Foreign Affairs with the agreed understanding that subsequent legislation and oversight dealing with matters of maritime security, such as contained within Title IX of the bill, are indeed within the jurisdiction of the Committee on Merchant Marine and Fisheries. During the debate on the bill, I intend to engage you in a colloquy concerning jurisdictional questions.

Once again, please accept my congratulations and appreciation for the spirit of cooperation between our Committees that has allowed this vital measure to proceed so rapidly through the legislative process.

With best wishes, I am

Sincerely yours,

Walter B. Jones,
Chairman.

Mr. Studds. The amendment would add a new section to the Port and Waterways Safety Act authorizing the Secretary of Transportation to take certain actions to improve port security and safety in the United States. A total of $125 million will be authorized without fiscal year limitation primarily for activities to be carried out by the U.S. Coast Guard.

There is a tendency, as we know, in this city sometimes for Government officials to conclude that because they have said something, they have, therefore, accomplished something. The fact is that if we take the threat of maritime terrorism seriously, we need to do at home what we will be asking others to do overseas. We have got to come up with the resources needed to get this job done. We're not getting it done now.

The Coast Guard, primarily as a result of the Gramm-Rudman law, has an operating budget at this moment that is $97 million below the amount requested by the President. When added to reductions required in earlier years, the Coast Guard will be left in 1987 with 2,000 fewer military and civilian personnel than it had in 1981. Because of the high priority attached by Congress and the administration to drug law enforcement, a substantial portion of the Coast Guard's remaining resources has been dedicated to that mission. As a result, the Coast Guard's ability to accomplish its other missions, including port security, has been compromised.

By way of illustration, the number of Coast Guard personnel primarily dedicated to port security has declined by 20 percent since

1980. The number of hours devoted to routine harbor patrols by Coast Guard cutters has declined from 226,000 in 1980 to 44,000 this year. The numbers go on. I will spare you most of them.

The Coast Guard is unable to meet the standards set by the National Security Council for boardings of vessels from communist bloc nations stopping in U.S. ports, a standard that was reduced in 1983 because of their inability to meet the higher standard in effect prior to that time.

The bottom line, Mr. Chairman, is that the Coast Guard is no longer able to respond to many of its missions and particularly to special events without having to divert substantial resources from other important tasks.

This coming Fourth of July, for example, as I think many members know, the Coast Guard will have the job of providing waterborne security for what is about as attractive a potential target for terrorism as one could imagine, the unveiling of the repaired Statue of Liberty. I would not pick that time. I would say to my colleagues, to get lost at sea anywhere other than the immediate vicinity of Staten Island, because it will take almost the entire Coast Guard to do the job that needs to be done in connection with that celebration.

I will spare the members further illustration, but simply say that protection against terrorism begins at home, and with respect to coastal matters, the Coast Guard is our first line of defense, and I would urge support of this amendment.

Chairman **Fascell**. I want to thank the gentleman from Massachusetts for the amendment and for the cooperation we have received from the Merchant Marine and Fisheries to secure the consent on both sides of the aisle for its inclusion in this package on antiterrorism.

Is there any further discussion of the amendment?

Mr. **Barnes**. Mr. Chairman, just very briefly.

Chairman **Fascell**. Mr. Barnes.

Mr. **Barnes**. Thank you, Mr. Chairman.

I just want to commend the gentleman from Massachusetts for his really outstanding leadership in supporting the Coast Guard and for offering this proposal here this afternoon.

I had the opportunity just within the last week or two to look at some of the Coast Guard facilities in my own area in my own State of Maryland, and the chairman of the Coast Guard Subcommittee is absolutely right. I was told by outstanding Coast Guard officers that they are simply not able to do the job of drug interdiction and all the other things we expect them to do because of the reductions in their budgets and the other restrictions under which they have been placed in recent years.

I commend the gentleman from Massachusetts. I want to support him totally, and I hope the rest of the Congress will follow his leadership in support of the Coast Guard.

Chairman **Fascell**. Any further discussion? Mr. Mack.

Mr. **Mack**. Thank you, Mr. Chairman.

I am just curious as to where—is this an additional authorization of funds, or is this saying that out of what we are—where is the money coming from I guess is the simple question.

Mr. **Studds**. If the gentleman will yield, I would imagine it will come from the same place that the extraordinary pot of billions of dollars that are in the bill at the moment are coming from. It is additional authorization. The gentleman is correct. It is $125 million.

Chairman **Fascell**. It will have to be fitted in the budget as submitted I imagine, Mr. Mack.

Mr. **Mack**. The reason I raised it is yesterday— I guess some of these things have been added since yesterday. I was not aware of this, and I was wondering is Mr. Mica supporting this position?

Mr. **Studds**. He tells me yes.

Chairman **Fascell**. It would be freestanding legislation, but due to our effort to get the package together, we have had the cooperation of the Committee on Merchant Marine and Fisheries.

Mr. **Studds**. If the gentleman would yield for one moment.

Mr. **Mack**. Sure.

Mr. **Studds**. Let me just say one more time. This money, even if it were fully authorized and appropriated, would bring the operating funds of the Coast Guard just slightly above the President's request for this year. We are well below it at the moment.

Chairman **Fascell**. Any further discussion?

[No response.]

Chairman **Fascell**. The question is on the adoption of the amendment. All those in favor signify by saying "aye."

[A chorus of ayes.]

Chairman **Fascell**. All those opposed, "no."

[No response.]

Chairman **Fascell**. The ayes appear to have it. The ayes have it, and the amendment is agreed to.

Mr. Berman.

Mr. **Berman**. Thank you, Mr. Chairman.

First, Congressman Levine has proposed language which has been included in the Mica-Fascell draft substitute in section 507, and I was wondering if I could have unanimous consent to present his statement on travel advisories in his absence.

Chairman **Fascell**. Without objection, the statement will be included in the record.

[The full text of the statement on travel advisories of Congressman Levine follows:]

PREPARED STATEMENT OF HON. MEL LEVINE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I want to commend you for the dispatch with which the Committee has put together this very important legislation. The increase of international terrorism is something which deeply concerns all of us. The memory of the bombing of the Marine barracks in Lebanon, the hijacking of TWA Flight #847, the hijacking of the Achille Lauro in which a disabled US citizen was murdered, and most recently, the assassination of Prime Minister Olaf Palme, in Sweden, one of the most peaceful, peace-loving countries in the world - all are vivid reminders of the spread of the scourge of international terrorism. Responsible nations must work together to do everything possible to inhibit its spread, and the United States has a responsibility to lead in those efforts. This legislation is designed to do that.

While this bill contains many important provisions, there is just one section I would like to address in detail at this time. It is Section 507 of Title II , Issuance of Travel Advisories on Account of Terrorism Supported by Libya, Iran, or Other Foreign Governments. The provisions in this section are similar to a concurrent resolution I introduced on February 19, 1986, concerning the issuance, under certain circumstances, of travel advisories or other appropriate warnings with respect to any foreign country in which Libyan-supported terrorists attack United States citizens. The Committee has added Iran, as well, and I certainly support that inclusion, and Mr. Gilman has added a provision as well. My staff, Mr. Gilman's staff, and Committee staff worked with the State Department to work out acceptable language, and I am completely comfortable with it.

Section 507 expresses the sense of the Congress that the Secretary of State should consider the issuance of a travel advisory or other appropriate notice warning United States citizens of the dangers of traveling in any foreign country in which United States citizens (1) are attacked by terrorists supported by Libya or Iran if the government of that country fails to act immediately to require the closing of any Libyan official missions in that country or any Iranian official missions in that country, as the case may be; or (2) are attacked by terrorists supported by any other foreign government which used its official missions to support that attack, if that foreign government is not immediately required to close all of its official missions in the country in which the attack occurred.

I want to state for the record why I am so concerned about Libya, the focus of my original resolution.

As we know too well, on December 27, 1985, 12 US citizens were wounded and five murdered in cold-blooded attacks at the Rome and Vienna airports. The individuals who carried out these attacks were reportedly members of the Libyan-backed Palestinian terrorist group, headed by Abu Nidal. Libyan leader Mu'ammar

Qadhafi applauded and praised these attacks.

In response to these heinous attacks, President Reagan severed virtually all trade links with Libya, froze its assets in the US and ordered the more than 1000 Americans working there to leave immediately. He also said that the US would "not understand" if other countries moved into Libya "to take commerical advantage of our departure." In addition, he called on our NATO allies to join us in isolating Libya and its outlaw leader, Colonel Qadhafi.

However, no European country has fully endorsed President Reagan's call for total economic sanctions against Libya. In fact, our allies have been cool to leveling sanctions against Colonel Qadhafi and his country. Deputy Secretary of State John Whitehead was dispatched to visit nine of our NATO allies in the hope of persuading them to reduce their ties with Libya. Unfortunately, the results of his efforts were less than gratifying.

In January the US Department of State issued a report called "Libya Under Qadhafi: A Pattern of Aggression." This report makes clear that Libyan leader Mu'ammar Qadhafi has used terrorism as one of the primary instruments of his foreign policy and that he supports radical groups which use terrorist tactics. Qadhafi's activities include threats, material support for terrorism, cooperation, economic incentives and intimidation, and military aggression. He provides logistical support for terrorist operations, such as supplying passports to the Abu Nidal members responsible for the December attack on the El Al ticket counter in Vienna.

Training for radical Palestinians and other radical elements frequently takes place in Libya. During Qadhafi's reign there have been numerous instances of Libyan-sponsored attacks against US interests, and during the past 18 months Qadhafi has made public references to expanding his terrorism campaign to include US targets.

The responsible international community suffers from Qadhafi's disrespect for international norms of behavior and accepted diplomatic practices. Qadhafi blatantly uses terrorist violence against political opponents and has abused diplomatic privilege for terrorist purposes, such as using Libyan embassies and diplomatic pouches for transferring and storing weapons and explosives.

Colonel Qadhafi's support for terrorist acts has clearly jeopardized the safety of US citizens. It is the responsibility of the US Government to protect the safety of all our citizens, at all times and in all places. In addition, it is in the interest of the responsible world community to isolate Libya economically, politically and militarily to the greatest extent possible.

Yet we have not been able to get our NATO allies to join us in isolating the outlaw Qadhafi.

That is why I introduced my original resolution. We simply must find a way to encourage our allies to take sanctions against the Qadhafis of the world. One way to do that is through economic incentives. US tourists spend millions of US dollars in foreign countries. Issuance of a travel advisory results in the loss of millions of dollars in revenues in the country for which an advisory is issued. If countries where US citizens are attacked do not reduce their ties with Libya, and do not make their country safe for US citizens, then it is appropriate for the US government to take action to protect our own people.

If the US Secretary of State issues travel advisories for such countries, we might see a far different response to terrorism by our allies. The US issued a travel advisory for Greece last June after the TWA hijacking out of Athens. Greece lost enough United States revenue to encourage it to quickly overhaul the security at the airport. If the Secretary had issued travel advisories for Italy and Austria after the attacks on US citizens last June, perhaps they would feel compelled to take actions to make their countries safer.

In short, we must find a way to encourage our allies to take actions against terrorists and terrorism. We must find a way to isolate the Qadhafis and Khomeinis from the responsible world community. The provisions of Section 507, I believe, would help do that.

I want to thank the Chairman of the Committee, Mr. Fascell, and Mr. Mica, Chairman of the Subcommittee on International Operations, for their leadership in dealing with terrorism. I support this bill and urge my colleagues to support it as well.

Thank you.

Chairman **Fascell**. Mr. Berman.

AMENDMENT OFFERED BY MR. BERMAN

Mr. **Berman**. Thank you, Mr. Chairman.

I have an amendment at the desk.

Chairman **Fascell**. Staff will distribute the amendment. The clerk will report the amendment.

Mr. **Brady** [reading]:

> Amendment to the Mica-Fascell amendment to H.R. 4151 offered by Mr. Berman and Mr. Hyde——

Mr. **Berman**. Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment.

Chairman **Fascell**. Without objection, further reading of the amendment is dispensed with, printed in the record, and open for amendment at any point.

[The amendment follows:]

SLS820

[March 6, 1986]

AMENDMENT TO THE MICA/FASCELL AMENDMENT TO H.R. 4151 OFFERED BY MR. BERMAN AND MR. HYDE

Add the following at the end of title V:

SEC. 510. EXPORTS TO COUNTRIES SUPPORTING TERRORISM.

(a) PROHIBITION OF CERTAIN EXPORTS.--Section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. app. 2405(j)(1)) is amended to read as follows:

``(j) COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.--(1)(A) No item on the United States Munitions List established pursuant to section 38(a)(1) of the Arms Export Control Act may be exported to any country which the Secretary of State determines engages in or provides support for international terrorism.

``(B) No goods or technology which the Secretary of State determines would make a significant contribution to the military potential of a country referred to in subparagraph (A), or would enhance the ability of such country to support international terrorism, and no aircraft (including helicopters) of any kind, may be exported to such country.

``(C) The President may waive the prohibition contained in subparagraph (A) or (B) with respect to a particular country if--

``(i) the President determines that the exports involved are important to the national security interests of the United States or that the export is necessary to combat international terrorism, and

``(ii) the President submits to the Congress a report justifying that determination and describing the proposed exports.

Any report under clause (ii) shall include intelligence information and assessments relating to the proposed waiver. To the extent necessary on account of the inclusion of such information, portions of the report shall be submitted on a classified basis to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate. Any waiver under this subparagraph shall expire at the end of 90 calendar days after it is granted unless the Congress enacts a law extending the waiver.''.

(b) COOPERATION OF FOREIGN GOVERNMENTS.--Section 6(j) of the Export Administration Act of 1979 is amended by adding at the end the following:

``(3) The President shall take all feasible steps to secure to the cooperation of appropriate foreign governments in prohibiting the export to countries described in paragraph (1)(A) of items, goods, and technology comparable to the items, goods, and technology the export of which is prohibited by this subsection.''.

(c) CLERICAL AMENDMENT.-- Section 6(j)(2) of the Export Administration Act of 1979 is amended by striking out ``(1)'' and inserting in lieu thereof ``(1)(A)''.

Conform references in section 508 of the committee print.

Mr. **Berman**. Thank you, Mr. Chairman.

The amendment strengthens what I think is a rather defective law with respect to export—definitions of countries supporting terrorism and exports of arms, dual use equipment, and civilian aircraft to countries on the terrorist list. And the amendment deals with all of those issues, and I am very pleased to be able to offer it on behalf of Mr. Hyde and myself.

It is a modification of legislation that has been introduced by us and has a number of coauthors, including many on this committee. Basically we in this legislation changed the definition of a terrorist supporting country from a country which has engaged in repeated acts of supporting—repeated support for acts of terrorism to a broader definition, a tougher definition, where the Secretary of State determines that a country has engaged in or provides support for international terrorism.

I think this provides a more realistic, meaningful, and tougher test of whether the Secretary should include such countries on the list, but I might add parenthetically it is not my intent, and it is not our intent with respect to this specific amendment, to say that any particular country that is not now on the list—there are five on the list—should be added.

Second, there is a flat prohibition on the sale of items on the munitions list to any of the countries on the terrorist list, the five countries that are now on the list or any countries that the Secretary of State might add in the future.

Present law provides a threshold of $7 million. Proposed sales of items on the munitions list under that threshold are not reviewed on the matter of whether or not those munitions would aid a country in its support for terrorism or otherwise enhance its military capability. This legislation closes that loophole and imposes a flat arms embargo on sales from the munitions list to countries supporting terrorism.

It further provides that the Secretary shall draw up a list of items which are in that area, gray area items, dual use items, items which may have military potential, and if he concludes that those items make a significant contribution to the military potential of a country on the terrorist list or would otherwise enhance the ability of such country to support international terrorism, then those items are embargoed.

And finally, it makes a very specific prohibition of the sale of any aircraft, airplanes or helicopters, to any of the countries on the terrorist list.

The reasons are fairly self-evident. We have talked and there has been a great deal of rhetoric with respect efforts to deter terrorism. The military retaliation is a method that is not readily available. We frequently do not know where terrorists hide out. The biggest spur to continued terrorism is countries that are willing to base, help to plan the logistical support for terrorists and terrorist gangs and terrorist operations, and it seems to me that we should, first of all, focus our own efforts on stopping those countries from getting this kind of equipment, these kinds of arms, the aircraft and the helicopters which transport terrorists and their diplomatic pouches and their explosives to the object of terrorist attacks. And this legislation, this amendment, would have us seek to obtain the support of our allies in this effort.

The one area where you have made some substantial progress in the wake of the President's action with respect to Libya is in getting the European countries to join in a total arms embargo and an embargo on any militarily useful equipment to countries supporting terrorism. Based on those successes, this seems to me like a meaningful, carefully drafted, relatively narrow, but important step forward in correcting the weaknesses of present law, and I would ask the committee's support for the amendment.

Chairman Fascell. Mr. Hyde.

Mr. Hyde. Well, I just want to support what Mr. Berman has said. I wish this went farther. This is narrow. It imposes these prohibitions on the sale of militarily significant equipment to five countries and similarly to the prohibition against Libya which the President imposed recently. Libya, Syria, Cuba, Iran, and South Yemen.

Now, I understand that the administration is unhappy because they are fearful that Iraq might be adversely impacted, and they want some flexibility with Iraq. I do not really understand that objection, because Iraq is not currently on the list of terrorist states. And this amendment offered by Mr. Berman would have no affect on Iraq unless and until Iraq is put by the Secretary of State on the list of terrorist states.

This fills a void—and if we are serious about doing something about terrorism—surely we ought to be prohibited from selling equipment which would make a significant contribution to the military potential of the terrorist state.

I would like to go farther and have some proscriptions against other countries that aid the terrorist states, but I don't think we are ready to do that yet. So, I support fully Mr. Berman's initiative and am most pleased to be a cosponsor.

Mr. Bonker. Mr. Chairman.

Chairman Fascell. Mr. Bonker.

Mr. Bonker. Mr. Chairman, I have been engaged in discussions with Mr. Berman at least at the staff level to see if we can resolve whatever differences that might exist. I can go along with most of the provisions in Mr. Berman's amendment. I certainly have no problem with the redefinition that is put forth in his amendment and the ban on the sale of items on the Munitions Control List to those countries so designated by the Secretary of State as providing support for international terrorism. While the provision regarding cooperation with our allies is redundant since we have an elaborate procedure in the Export Administration Act for such cooperation. It does not hurt to emphasize the need for collaborative action in the future.

But I do have a problem with one section that imposes a ban on goods and technologies to these countries. The total ban of such goods is something of a precedent in which Congress would statutorily impose a ban on the export of certain goods and technologies.

Second, it is not consistent with the Fenwick amendment, which is a time-honored procedure required by this committee for the Secretary of State to notify the Congress in such instances. I believe the gentleman repeals the Fenwick amendment.

The most compelling concern, however, is that this provision ties the President's hands. It gives him no discretion whatsoever in reviewing a case involving the export of goods to one of these named countries, whether or not it has a dual-use capability, or whether it would enhance the military capability of the country involved. I think that the discretion ought to be left with the executive branch in reviewing all of the relevant information and the countries involved to see whether or not that good or technology ought to be denied.

In addition, I do not think that we ought to be singling out certain goods as we have in the Berman language by way of aircraft and helicopters. While there could be a debate over whether or not aircraft per se is essential to the military capability of these countries, aircraft, nonetheless, is used for a variety of nonmilitary purposes. We must look at this issue in the context of foreign availability. If we unilaterally deny the sale of commercial aircraft to a named country, and another country sells the aircraft and obtains the business, what have we gained? We do not deny that country the goods and, indeed, we lose influence overall with that country's use of the aircraft.

Therefore, I think it is rather arbitrary and ill advised for us to name certain goods, particularly when they have a dual-use application, as we have in this case.

And the last point I would like to make concerns an issue that we must confront, and that is our trade deficit, which as you know, was $150 billion last year. There is no way that we are going to reduce that trade deficit if we continue to impose unilateral sanctions or trade embargoes. I would just like to note, with respect to high technology, the National Association of Manufacturers reported to the Congress recently that the high technology field, which once was the new dawn of America's competitive position, fell from a $27 billion surplus in trade in 1981 to a $5 billion deficit last year. And I quote the report: "Even the small surplus was mainly due to a strong export performance in just one category, aircraft."

So, Mr. Chairman, I think that we ought to be sensitive to the potential impact of this language on our trade position. We ought to be sensitive to the need for Presidential discretion to deal effectively with these problems, and realize in the case of Libya in January, the President used the powers under IEEPA and not even the

Export Administration Act. Clearly, the executive believes that it has sufficient authority to take such action.

We also ought to be sensitive as to whether we are being consistent with our own law, and I make direct reference to the Export Administration Act, which we reauthorized just a few months ago.

With these points in mind, I hope the committee would vote down the Berman amendment and give the President the discretion he needs in the future to deal effectively with the problem of terrorism.

Chairman **Fascell**. Mr. Bereuter.

Mr. **Bereuter**. Thank you, Mr. Chairman, we all want to be tough on terrorism, but I am authorized to express the opposition of the administration to this amendment, the opposition of the ranking member of the Trade Subcommittee, the gentleman from Wisconsin, who could not be here, and my own opposition to it.

The proposed amendment would take away the flexibility that the executive branch needs to press for changes of practice by a number of countries. Take one example of several, the amendment's requirement that 12 months must pass before the offending country could be removed from the terrorism list would make it more difficult to use diplomatic channels to influence policies of foreign governments.

Mr. **Berman**. Would the gentleman yield on that one issue?

Mr. **Bereuter**. I will yield briefly.

Mr. **Berman**. Thank you.

That is not a provision of this amendment. I believe the administration had original concerns about the legislation we introduced which contained such a provision. This amendment contains no such provision, and, in fact, this amendment includes a waiver by the President of the constraints of the amendment where the national security of the United States or the effort to combat terrorism would warrant it.

Mr. **Bereuter**. The gentleman may raise a good point. I will check the amendment to see if it is different then, and I suspect the gentleman is accurate on that.

But I would continue with my arguments, exempting that one, assuming the gentleman is correct.

The Export Administration Act, which the chairman of the subcommittee just mentioned, passed last year after a long, almost 2 years of consideration, and the Arms Export Control Act already provide clear authority for controlling exports to terrorism-supporting countries. As a matter of policy, we do not license items that would make a significant contribution to the military potential of those countries or enhance their ability to support terrorism.

The comment was made by the gentleman from California that there is no intention to enlarge the list of terrorism countries that has been established—five.

And the gentleman from Illinois raised some questions about the possibility applicability of this to Iraq. I will use that example.

It may well undercut our efforts to encourage Iraq's continuing trend away from the support of terrorism. The language in the amendment may apply to Iraq because of the reports that Mohammed Abbas has been in Iraq for some of the period since he was involved in the hijacking of the *Achille Lauro*.

The administration then says that they share the desire to bring Abbas to justice, of course and repeatedly raised the matter with Iraq at senior levels and at least tentatively they have received some results.

There are recent indications that the Iraqi may decide to be more helpful. The amendment would undercut this effort by making it appear that Iraq may be returned to the terrorism list, whatever it may do.

And I would say this subject was raised during the course of the Export Administration Act, and there was then a reversal by the gentleman—helpful reversal by the gentleman from California during the course of that debate.

Mr. **Berman**. Would the gentleman yield on just this point, only to deal with what the legislation——

Mr. **Bereuter**. I would——

Mr. **Berman**. The amendment—oh, I am sorry. I would appreciate it if I could clarify that.

Mr. **Bereuter**. If I could continue for just a second, and then I will yield to the gentleman.

Mr. **Berman**. All right, thank you.

Mr. **Bereuter**. A United States slap at Iraq in the middle of a potentially successful Iranian offensive would help and encourage Iran; and then I would make some concluding remarks, but, first, I will yield to the gentleman.

Mr. **Berman**. I appreciate the gentleman yielding.

I believe the gentleman is using as his reference point for some of his comments, and I am sympathetic to him, the draft of the original bill, which we introduced, which had a much tougher, far-reaching definition of countries supporting terrorism, including establishing a country as a—one could perhaps infer that one terrorist using as a sanctuary a country could be a basis for putting a country on that list.

Working with the State Department with the office on terrorism, Secretary—Ambassador Oakley's office, we have come to a new definition of terrorism, which is substantially better than existing law, but more restricted than the language that originally concerned the State Department here, and the State Department does not object to the present definition of terrorism, and I think it is because they do not—based on the situation at this particular moment, that Iraq would be placed on that list.

Mr. **Bereuter**. I would say to the gentleman that the concerns of the Department are not entirely relieved by the changes that have been made. I have been apprised, in general, of the debate that has been ongoing during the course of the day, and the administration still does object to the amendment, and believes that it does not give them the flexibility necessary to effectively deal with terrorism.

I think it is important that we reflect on what this committee has done during these past several weeks. I think we all feel fairly good about the things that we have contributed to the conduct of foreign affairs with respect to certain trouble spots around the globe.

And I understand full well that this is an emotional subject on which we would like to be firm. But I think that the gentleman's amendment offered in good faith, and opposed by the administration, opposed by the senior people on the Trade Subcommittee on both sides of the aisle, makes this very good bill a controversial bill.

It moves us away from the decisions that were recently made in the Export Administration Act. It raises all the questions that had been so adequately expressed and concerns that had been so adequately expressed by the gentleman from Washington.

So, I would ask my colleagues to reject the amendment and pass the bill as we are amending it, because it is a good bill. This amendment will make it a less desirable resolution to pass.

Mr. MICA. Mr. Chairman?

Chairman FASCELL. Mr. Mica.

Mr. MICA. Mr. Chairman, I have to echo the words of Chairman Bonker, and Mr. Bereuter, and others who have spoken.

But before I do that, I just want to say the gentleman from California is very articulate, capable, has strong credentials——

Mr. BERMAN. Uh-oh.

Mr. MICA [continuing]. In fighting antiterrorism. He does a magnificent job on the committee, and really does his homework, but in this very narrow instance—[laughter]—he's wrong. [Laughter.]

Mr. HYDE. Would the gentleman yield?

Mr. BERMAN. He is right.

Mr. HYDE. Would the gentleman yield?

The gentleman is the master of the perfumed icepick. [Laughter.]

Mr. HYDE. I would like to only briefly say that if we have to depend on alleviating our balance-of-payments problem by selling high technology to those countries on the list of terrorist countries, we are indeed in worse trouble than Tony Coelho thinks. [Laughter.]

Mr. MICA. But, Mr. Chairman, having said that—and I do have a great personal respect for the gentleman from California; we worked together for 18 months as conferees, 18 months as conferees on the Export Administration Act, several years dealing with hearings on this bill; and I think Chairman Bonker had to go to the floor four times for extensions on the EAA while we were working out very sensitive issues pertaining to this item right here, this very principle.

This runs counter to the whole concept that we set forth in the Export Administration Act. I think that we have learned over the last few years that when we impose unilateral sanctions, particularly when there is foreign availability, and particularly without very, very careful language and controls, we end up usually shooting ourselves in the foot—certainly that was the case with the grain embargo, and certainly with the pipeline situation. The pipeline was built, and there is a whole list of items that we needed to consult; we needed to work on in a very careful situation and we did not; and we got ourselves in trouble.

I have no problem working in the coming year with the gentleman and trying to find a meaningful way to highlight countries that support terrorism. We are working on a major bill that has contributions from all members of this committee, but to, in effect, use a sledgehammer on some very finely tuned provisions of the

Export Administration Act at this time, I just think would be inappropriate.

Chairman **Fascell**. Mr. Reid?

Mr. **Reid**. Mr. Chairman?

Mr. **Berman**. I ask the gentleman to yield.

Mr. **Reid**. I will be happy to yield.

Mr. **Berman**. I appreciate the gentleman yielding, and it gives me an opportunity just to deal with a couple of the issues.

I think the arguments that the gentleman from Washington are fair and are an accurate way on which to balance how one is going to vote on this amendment.

I do want to reiterate in the strongest possible terms the issues raised by my friend from Nebraska, are based on an old version of this amendment, and neither the issue of the definition of a country supporting terrorism, nor the extension of the time before which a country can come off that list, are any reason for concern by members of this committee.

In the Export Administration Act, I considered offering these amendments, and was prevailed on by the chairman of the subcommittee, my friend from Washington, not to mess up the problem of getting that very difficult piece of legislation through any further, and I pull back from that.

What we are talking about now is not an effort to use economic sanctions to starve, or force a country to change its course. We are talking about trying to deny the instrumentalities of terrorism to the countries that the Secretary of State, in his discretion, with full flexibility, has decided should be on that list, based on a reasonable definition of support for terrorism that has been suggested and worked out with the Department of State.

Mr. **Mica**. Would the gentleman yield on that?

Mr. **Berman**. I would be happy to yield.

Mr. **Mica**. If the gentleman from Nevada would yield.

That is the very point—"specific items"—and that is counter to what we have been working on. We license items.

I know the gentleman is particularly concerned about helicopters. It would ban helicopters; it would ban Red Cross helicopters; is that not correct?

This would ban the sale of helicopters, civilian aircraft, munitions, and items which the Secretary——

Mr. **Berman**. Red Cross helicopters?

Mr. **Mica**. It would ban items with a Red Cross on, such as a helicopter, yes, which can be used to transport the same terrorists and the same diplomatic pouches to those countries supporting terrorism.

And if—just to reclaim what is left of the time, I have to think that in what we are faced with here, where not only is the incidence of terrorism a direct threat to the lives and well-being of American citizens and people throughout the world, but directly undermines our goals.

Look at what is happening in the Middle East, just within the last week. How do Palestine moderates try to set up a dialog with the Israelis when the moment one of them might venture forth, they fear assassination?

How do the Israelis come to any kind of a resolution of their conflict with their Arab neighbors when terrorism continually can upset the political goals?

This is a very serious evil. I have to agree with the gentleman from Illinois that this particular fight, I think, on the balance outweighs the very limited and almost negligible export promotion of this legislation—of the concerns raised by the gentleman from Washington, and I would ask for support for the amendment.

Chairman **Fascell**. Mr. Bonker.

BONKER SUBSTITUTE TO THE BERMAN AMENDMENT

Mr. **Bonker**. Mr. Chairman, I have a substitute I would like to offer.

Chairman **Fascell**. The staff will distribute the substitute, and the clerk will report the substitute.

Mr. **Brady** [reading]:

> The substitute offered by Mr. Bonker, the amendment offered by Mr. Bonker, as the following at the end of title V, section 509——

Mr. **Bonker**. Mr. Chairman?

Chairman **Fascell**. Without objection, further reading of the amendment will be dispensed with, printed in the record in full, open for amendment.

[The full text of Mr. Bonker's substitute follows:]

SLS751

[March 6, 1986]

SUBSTITUTE OFFERED BY MR. BONKER
TO THE AMENDMENT OFFERED BY MR. BERMAN

Add the following at the end of title V:

SEC. 509. EXPORTS TO COUNTRIES SUPPORTING TERRORISM.

(a) PROHIBITION OF CERTAIN EXPORTS.--Section 6(j) of the Export Administration Act of 1979 (50 U.S.C. app. 2405(j)) is amended--

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by striking out paragraph (1) and inserting in lieu thereof the following:

``(j) COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.--(1)(A) No item on the United States Munitions List established pursuant to section 38(a)(1) of the Arms Export Control Act may be exported to any country which the Secretary of State determines engages in or provides support for international terrorism.

``(B) The President may waive the prohibition contained in subparagraph (A) in the case of a particular export if--

``(i) the President determines that the export is important to the national interests of the United States, and ``(ii) the President submits to the Congress a report justifying that determination and describing the proposed export.

Any waiver under this subparagraph shall expire at the end of 90 calendar days after it is granted unless the Congress enacts a law extending the waiver.

``(2)(A) No goods or technology which the Secretary of State determines would make a significant contribution to the military potential of a country referred to in paragraph (1)(A), or would enhance the ability of such country to support international terrorism may be exported to such country except pursuant to a validated export license.

``(B) The Secretary and the Secretary of State shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate at least 30 legislative days before any license is issued authorizing any export under subparagraph (A).''.

(b) COOPERATION OF FOREIGN GOVERNMENTS; COMPUTATION OF LEGISLATIVE DAYS.--Section 6(j) of the Export Administration Act of 1979 is amended by adding at the end the following:

``(4) The President shall take all feasible steps to secure the cooperation of appropriate foreign governments in prohibiting or controlling (as the case may be) the export to countries described in paragraph (1)(A) of items, goods, and technology comparable to the items, goods, and technology the export of which is prohibited or controlled by this subsection.

``(5) In the computation of the period of 30 legislative days referred to in paragraph (2)(B), there shall be excluded the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or because of an adjournment of the Congress sine die.''.

(c) CLERICAL AMENDMENT.--Section 6(j)(3) of the Export Administration Act of 1979, as redesignated by subsection (a)(1) of this section, is amended by striking out ``(1)'' and inserting in lieu thereof ``(1)(A)''.

Conform references in section 508 of the committee print.

Chairman **Fascell**. Mr. Bonker.

Mr. **Bonker**. Mr. Chairman, the substitute I offer is identical to Mr. Berman's amendment, except for one provision, that provision that deals with the ban on the exports of goods and technology, which also includes aircraft and helicopters.

What I propose to do is to take most of the language in Mr. Berman's provision, but require instead of a total statutory ban that such goods or technology would not be exported without a validated license that would be issued by the Secretary of State.

The Secretary of State would be the determiner of whether or not that technology, or that good, would make a significant contribution to the military potential of the country involved. This way, we give the administration the discretion they need; we now mandate a validated license.

So, I think that we can achieve almost everything that Mr. Berman wants while maintaining the Fenwick procedures by requiring a validated license.

Chairman **Fascell**. Any further discussion on the substitute?

Mr. Berman.

Mr. **Berman**. Thank you, Mr. Chairman.

I must reluctantly oppose the substitute, but if I—as I understand it—as I understand the substitute, while it accepts the new definition of the Berman-Hyde amendment on support for terrorism and it accepts the embargo on munitions list items, the amendment makes no—simply provides that any goods or technology which the Secretary of State determines would make a significant contribution to the military potential of a country, or would enhance the business of such countries where terrorism may be exported to such and such a country, except may not be exported except pursuant to a validated export license.

Is that basically——

Mr. **Bonker**. The gentleman is correct.

Mr. **Berman**. Under the present law, the Secretary has refused to acquire validated export licenses for civilian aircraft or helicopters.

He has not even exercised the discretion that he has under present law to—to review potential sales of commercial airlines supporting terrorism.

Mr. **Bonker**. The gentleman is correct.

The present law does not mandate a license, but that is the beauty of this language, because if it is enacted the President, through the Secretary of State, must then require and approve a validated license for the shipment of any good or technology.

Mr. **Berman**. Well, I appreciate the gentleman's comments, but nothing in the language would require the President, or the Secretary, to conclude that civilian aircraft, or helicopters, would make a significant contribution to the military potential of a country referred to in paragraph 1(a), or would enhance the ability of such country to support international terrorism; and, therefore, no validated export license would be required unless they exercise that discretion which under present law they are entitled to do as well.

So, realistically, this substitute does not improve that aspect of present law, which mine have been sought to address, and this is not an abstract conceptual problem.

Mr. Bonker. Well, I have——

Mr. Berman. We have sold, and we have removed aircraft and helicopters from the list, and aircraft and helicopters have been sold to countries on the terrorist list within the last 3 years, even while they were on the list, and I—so that is why I find that I cannot accept the amendment.

Mr. Smith of Florida. Would the gentleman yield?

Mr. Berman. I would be happy to yield.

Mr. Smith of Florida. I would like to take it one step further. It is very interesting that in section 2(a), that no goods or technology which the Secretary determines would make a significant contribution to the military potential of this country, which is now on the terrorist list, or would enhance its ability to support international terrorism, may be exported except pursuant to a validated export license.

So, where you make your determination that this country's military potential will be enhanced, or its ability to export and support international terrorism will be enhanced, and then we are going to ship it to them anyway; and the grounds on which we do is that the President determines that the export, in order for the waiver to occur, is in the best interests of the United States.

If that is not the most conflicting two statements I have ever seen, I have not seen any.

If it is in our best interest to ship them goods, then it is in our best interest to support international terrorism, and I do not know that, as a country, we have taken that step yet, and I would not want to pass any law that would mandate that, in order for us to ship these things commercial airliners, or other commercial equipment to them, that we would have to take a position that we are helping them support international terrorism.

I think it is absolutely hypocritical of us, and there is nothing more important to our interest than combating international terrorism, and isolating countries that support international terrorism. There can be no greater national interest than that; and I certainly object to the amendment as well—to the amendment of Mr. Berman.

Mr. Berman. I would like the gentleman to yield——

Mr. Bonker. If the gentleman from California would yield what time is remaining.

I do not think there is anything that is confusing or conflicting about this language. It is very clear; it is very precise. It simply states that when the Secretary of State makes the determination that a good or technology would make a significant contribution to the military potential of that country, then a validated license will be required, which he can deny, preventing the good or technology from being shipped.

The difference between the original Berman language and my language is that the gentleman statutorily mandates an embargo. My amendment leaves the discretion with the Secretary of State who must require a validated license before the good is shipped. I believe that we should maintain some discretion within the executive branch on these matters so that they can consider all the factors relevant to a decision. I think this amendment argues very favorably in that direction; otherwise, Congress is reaching out and blindly imposing a ban on goods and technology, especially in areas where we are potentially very competitive without any consideration of factors such as foreign availability.

I believe that the best judgment is to stick with the existing law, the Export Administration Act, and allow the administration to have proper discretion in making these determinations.

Mr. **Berman**. Just to reclaim the time, I think the issue is pretty clearly joined. I think the last discussion explained it. If you think it is appropriate for Congress to say, "If you are on the list of countries supporting terrorism, arms embargo, embargo on civilian aircraft and helicopters," then you should vote against the amendment to the amendment.

If you want to continue discretion in the hands of the executive branch in this very narrow area—if you think and remember-even the amendment that I have offered has a waiver provision, but if you want to continue the general discretion, then you should vote against it.

Mr. **Weiss**. Mr. Chairman?

Chairman **Fascell**. Mr. Weiss.

Mr. **Weiss**. Mr. Chairman, I too want to associate myself with the compliments and commendations that the chairman, the gentleman from Florida, bestowed on our good friend from California.

My concern about the legislation harks back to what I have heard expressed here before by the gentleman who is the cosponsor of the original Berman amendment. The gentleman from Illinois repeatedly has urged us not to have 435 secretaries of state, that we must allow the Secretary of State to exercise his responsibilities, and I think that that argument makes a great deal of good sense, in very, very many cases. I think that this is one of those instances in which it does make a great deal of good sense.

It should also be noted that the amendment that Mr. Bonker has offered provides that even if a Secretary of State such as the one that we have now—who has urged the bombing of terrorists' locations without the kind of scrupulous concern that many would have—that even if that Secretary of State were to issue a valid license, he would still have to notify the Congress 30 days before the effective date of that license.

It seems to me that that requirement for notification would certainly put some sense of caution into a Secretary of State, who might blithely offer to validate for export certain items that he had considered to perhaps add to the military capability of a terrorist country.

And the final concern—I have heard repeatedly comments about what a terrible mistake it was to impose embargos on grains, for example.

Now, it just seems to me that, again, that is the kind of goods which could very well be included in this legislation.

It says "goods"—I do not see "goods" being definitely defined in any way at all.

And I would think that you would want a Secretary of State to be able to make some judgment as to what were appropriate good to license or not license for export.

So, on the basis of all of these arguments, I would think that the better part of wisdom would be to provide the kind of limited flexibility that Mr. Bonker's amendment would allow.

Mr. **Berman**. Would the gentleman yield?

Mr. **Weiss**. I would be delighted to yield.

Mr. **Berman**. I think we should address that issue very directly. The amendment which Mr. Hyde and I have offered simply says, with respect to goods and technology, that they are only embargoed if the Secretary has determined that they would significantly enhance the military capability——

Mr. **Weiss**. Right.

Mr. **Berman**. You cannot argue for discretion by the Secretary of State, and then argue against a provision, which says, "In the discretion of the Secretary of State, if he determines and finds that grain to South Yemen will significantly enhance their military capability and their ability to promote terrorism, that that is a realistic problem with this language."

I mean I can understand wanting more discretion, but it would not apply in this situation the gentleman now describes.

Mr. **Weiss**. Well, if I may recapture my time just for a brief moment. Of course there is, in fact, discretion built in with the gentleman's original amendment because it is the Secretary of State that determines which goods will be placed on that list.

But it seems to me that if you follow the logic through—that, in fact, the Secretary's powers really ought to be limited—then, what we ought to be doing is spelling out the whole range of items ourselves and take away the job from the Secretary of State; and I do not think we want to do that.

Mr. **Berman**. Would the gentlemen yield?

Chairman **Fascell**. The question is on the substitute offered by the gentleman from Washington. All those in favor of the substitute, please raise your hand and let the clerk count.

[A show of hands.]

Chairman **Fascell**. All those opposed, please raise your hand.

[A show of hands.]

Chairman **Fascell**. The clerk will report the tally.

Mr. **Brady**. By a show of hands, 12 for, and 9 against.

Chairman **Fascell**. So, the substitute is agreed to.

The question then occurs on the amendment as amended.

All those in favor, signify by saying "aye."

[A chorus of ayes.]

Chairman **Fascell**. All those opposed, "no."

[A chorus of noes.]

Chairman **Fascell**. The ayes have it, and the amendment as amended by the substitute is agreed to.

Chairman **Fascell**. All right, are there any other amendments to titles V to IX?

[No response.]

Chairman **Fascell**. If not, the staff will distribute the amendment, title X, which the Chair will offer.

Mr. Gilman.

Mr. **Gilman**. Mr. Chairman, before you get into title X, I would like permission to enter into the record my comments with regard to the terrorism and narcotics reward provision. I want to commend the Chair, and the gentleman from Florida, Mr. Smith, for bringing this matter before us, and it will go a long way toward reducing narco-terrorism.

Chairman **Fascell**. Without objection, the remarks will be included in the record.

[Mr. Gilman's prepared statement follows:]

Prepared Statement of Hon. Benjamin A. Gilman, a Representative in Congress From the State of New York

Mr. Chairman, I applaud your actions and the work of the gentleman from Florida, Mr. Smith, in providing in this bill the provisions set forth in Sections 502-503, relating to rewards for information relating to international narcoterrorism and drug trafficking. These provisions, I understand, have been requested by the Department of State and are supported in their present form by the Administration.

This legislation will provide explicit authority for offering substantial rewards to those who assist the United States authorities in stamping out drug trafficking and drug cultivation abroad.

In addition, the legislation provides for rewards for those providing information leading to the apprehension of those who kill or kidnap our drug agents, advisors, or those who put their lives on the line to assist them abroad.

This year, the United States lost DEA agent Enrique Camarena, as well as a local-hire pilot, to a brutal murder plot in Mexico. To combat these criminals, we should be able to bring to bear every resource of our government, including the offering of substantial rewards.

I applaud our Committees' leadership for supporting this legislation, and for making some technical changes at my request—to make it perfectly clear that those working with us abroad to eradicate drugs or combat narcotics are covered by this bill, even if they are not technically involved in enforcing "United States" narcotics statutes.

I urge all the members to support this provision.

MICA/FASCELL AMENDMENT TO CREATE NEW TITLE X

Chairman **Fascell**. The clerk will report the amendment.

Mr. **Brady** [reading]:

The amendment to the Mica/Fascell amendment to H.R. 4151 offered by Mr. Fascell.

At the end of the amendment, add the following new title, and a table of contents.

Title X. Temporary Services for the United States Diplomatic and Consular Posts in the Soviet Union——

Chairman **Fascell**. Without objection, further reading of the amendment will be dispensed with, printed in the record in full, and open for amendment.

[The full text of the amendment follows:]

TITLE10

[March 6, 1986]*

AMENDMENT TO THE MICA/FASCELL AMENDMENT TO H.R. 4151
OFFERED BY MR. FASCELL

At the end of the amendment, add the following new title (and conform the table of contents):

TITLE X--TEMPORARY SERVICE AT UNITED STATES DIPLOMATIC AND CONSULAR POSTS IN THE SOVIET UNION PURSUANT TO STATE DEPARTMENT FELLOWSHIPS.

SEC. 1001. ESTABLISHMENT OF FELLOWSHIP PROGRAM.

(a) ESTABLISHMENT.--There is hereby established a fellowship program pursuant to which the Secretary of State shall provide fellowships to United States citizens while they serve, for a period of between one and two years, in positions at United States diplomatic or consular posts in the Soviet Union which formerly were held by Soviet citizens employed as foreign national employees.

(b) PURPOSE OF THE FELLOWSHIPS.--Fellowships under this title shall be provided in order to allow the recipient (hereafter in this title referred to a ``Fellow'') to serve on a short-term basis at a United States diplomatic and consular post in the Soviet Union in order to obtain first hand exposure to that country, including (as appropriate) independent study in Soviet area studies or Soviet languages.

(c) ELIGIBILITY FOR A FELLOWSHIP.--To be eligible for a fellowship under this title, an individual must be a United States citizen who is an undergraduate student, a graduate student, a teacher, scholar, or other academic, or other individual, who has expertise in Soviet area studies or Soviet languages and who has a working knowledge of the Russian language.

(d) FELLOWSHIPS.--Up to 100 fellowships may be provided under this title each year. The Fellowship Board established by this title shall determine--

(1) the amount of remuneration each Fellow will receive for his or her service under this title, and

(2) the period for which the fellowship will be provided (which shall be a period of between one and two years),

taking into consideration the position in which the Fellow will serve and his or her experience and expertise.

(e) DETERMINATIONS BY THE SECRETARY OF STATE.--The Secretary of State shall determine which of the eligible individuals selected by the Fellowship Board pursuant to this title will serve at each United States diplomatic and consular post in the Soviet Union and the position in which each will serve. Such service shall be in accordance with the relevant authorities of the Foreign Service Act of 1980, the State Department Basic Authorities Act of 1956, and title 5 of the United States Code.

(f) TRAINING.--Each Fellow may be given appropriate training at the Foreign Service Institute or other appropriate institution.

(g) HOUSING AND TRANSPORTATION.--The Secretary of State [redacted] shall pursuant to regulations--

(1) provide housing in the Soviet Union for each Fellow, including where appropriate housing for family members; and

(2) pay the costs and expenses incurred by each Fellow in traveling between the United States and the Soviet Union, including where appropriate travel for family members.

SEC. 1002. FELLOWSHIP BOARD.

(a) ESTABLISHMENT AND FUNCTION.--There is hereby established a Fellowship Board, which shall select the individuals who will be eligible to receive a fellowship under this title.

(b) MEMBERSHIP.--The Board shall consist of 9 members as follows:

(1) A senior official of the Department of State designated by the Secretary of State, who shall be the chair of the Board.

(2) An officer or employee of the Department of Commerce designated by the Secretary of Commerce.

(3) An officer or employee of the United States Information Agency designated by the Director of that Agency.

(4) Six academic Soviet specialists appointed by the Secretary of State (in consultation with the chairman and ranking minority member of the Committee on Foreign Affairs of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate).

(c) Meetings.--The Board shall meet at least once each year to select individuals eligible for a fellowship under this title.

(d) Compensation and Per Diem.--Members of the Board shall receive no compensation on account of their service on the Board, but while away from their homes or regular places of business in the performance of their duties under this title, may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5 of the United States Code.

SEC. 1003. FUNDING.

Funds appropriated to the Department of State for ``Salaries and Expenses'' for each fiscal year shall be used for expenses incurred in carrying out this title.

Chairman Fascell. The Chair will state that this is a matter that grew out of discussions over a long period of time, with respect for the opportunity for Americans to serve in U.S. diplomatic and consular posts in the Soviet Union and to study there, under the authority of the Secretary of State and our Ambassador to the Soviet Union.

So, the fellowship program follows the generally accepted practice of the Secretary of State appointing a board consisting of Government representatives and distinguished academicians to make recommendations to the Secretary of State. Those Americans selected to serve in a diplomatic post would have the opportunity at first hand to learn, and we get the secondary benefit, of course, in that they will be performing functions for the U.S. Government at the same time.

We believe that this is a good proposal. I would hope that since it is a discretionary program under the authority of the Secretary of State, and since he would have the full discretion as to how he wants to implement this, or whether he wants to implement it, that we could start on this program.

Ms. Snowe. Mr. Chairman?

Chairman Fascell. Ms. Snowe.

Ms. Snowe. Thank you, Mr. Chairman.

I certainly support the chairman's amendment. I would just like to pose a question to you, Mr. Chairman. Do you intend for the Secretary of State to have discretion in whether to move forward with this program? You just mentioned that the Secretary would have discretionary powers in administering this program; but I noticed on line 7 it states: "The Secretary of State shall provide fellowships to United States citizens."

Chairman Fascell. Well, provide them if he wants to, because they would have to be employees of the Government. Therefore, it would be up to him to determine whether or not he wants to fill any slot under the program, whether or not he has the money to fill any slot, and whether or not he wants to accept the recommendation of the Board that he has appointed.

So, the intent is clear that he shall have the authority under law to establish the fellowship. That has to be mandated, but it does not require him to employ anybody if he does not want to. That is the intent of this legislation.

Mr. Torricelli. Mr. Chairman?

Chairman Fascell. Mr. Torricelli.

TORRICELLI AMENDMENT TO THE FASCELL AMENDMENT

Mr. Torricelli. I have an amendment at the desk.

Chairman Fascell. The staff will distribute the amendment, the clerk will report it.

Mr. Brady [reading]:

> The amendment to the Fascell amendment.
>
> Mr. Torricelli moves that the amendment be amended to include fellowships for service at United States diplomatic and consular posts in Eastern Europe as well as at posts in the Soviet Union, and that the staff be authorized to make appropriate technical and conforming changes in text.

Chairman Fascell. Mr. Torricelli.

Mr. TORRICELLI. Mr. Chairman, I want to congratulate you on what I think is a valuable and a thoughtful addition to our diplomatic corps, in providing security for our country.

It is such a good idea that it can be extended, extended because of the sad realities that often those who would work for nations in Eastern Europe are no more than proxies for the Soviets themselves.

I think the same approach that you have taken can be extended to Eastern European nations as well, in having this program available for people to serve in American diplomatic posts in Eastern Europe, and I would offer this as an amendment to your provisions.

Chairman FASCELL. Mr. Torricelli, I think it is a good amendment, since the Secretary would have to determine whether or not he can hire the people and whether he can house them properly, I see no difficulty with it.

I think the idea of extending it to all Soviet bloc countries is a good one, and I am perfectly willing to accept it.

The question is on the—is there any other discussion?

Mr. GILMAN. Mr. Chairman?

Chairman FASCELL. Mr. Gilman.

Mr. GILMAN. I just want to commend the chairman. I think it is an excellent idea. I hope that one day we might consider this for all of our overseas posts, where we might have some specialists to go in and be of assistance, and I wholeheartedly support the proposal.

Chairman FASCELL. I thank the gentleman.

Any further discussion on the Torricelli amendment?

[No response.]

Chairman FASCELL. If not, the question is on the agreeing to the amendment.

All those in favor, signify by saying "aye."

[A chorus of ayes.]

Chairman FASCELL. All those opposed, "no."

[No response.]

Chairman FASCELL. The ayes have it, and the amendment is agreed to.

Mr. MICA. Mr. Chairman?

Chairman FASCELL. Mr. Mica.

AMENDMENT OFFERED BY MR. MICA

Mr. MICA. Mr. Chairman, I cannot let this pass. I have an amendment at the desk. Since you are setting up a new scholarship, if you will, we shall name this title the "Fascellowship."

Chairman FASCELL. Now——

Mr. MICA. Seriously, I would change——

Chairman FASCELL. Do you want me to be humble with humility?

Mr. MICA. No, no, Mr. Chairman.

Chairman FASCELL. Well, we will skip that one, then.

Mr. MICA. Fascellowship does combine words and save money on paper, instead of saying "Fascell Fellowship."

Seriously, I do offer an amendment just to change the short title, to call it the "Fascell Fellowship Act."

Since you are going to do this, and we are proud of what you have been doing here, also I do not mind; if you really want "Fascellowship," then we will add that too; but the "Fascell Fellowship Act," I think, would be an appropriate title for the fellowships, so we will just create it.

Chairman Fascell. Well, I will not comment or vote on it, but I thank the gentleman from Florida.

Mr. Mica. I will call for a vote.

Chairman Fascell. Is there any discussion?

Mr. Gilman. I move the question.

Chairman Fascell. All those in favor of the amendment, signify by saying "aye."

[A chorus of ayes.]

Chairman Fascell. All those opposed, "no."

[No response.]

Chairman Fascell. The ayes have it; the amendment is agreed to.

[The full text of the amendment follows:]

[March 5, 1986]

AMENDMENT TO THE AMENDMENT OFFERED BY MR. FASCELL OFFERED BY MR. MICA

Insert the following new section 1001 and redesignate accordingly:

SEC. 1001. SHORT TITLE.

This title may be cited as the "Fascell Fellowship Act".

Add the following new subsection (b) to section 1002 (as so redesignated by this amendment) and redesignate subsequent subsections accordingly:

(b) Designation of Fellowships.—Fellowships under this title shall be known as "Fascell Fellowships".

AMENDMENT OFFERED BY MR. DYMALLY

Mr. Dymally. Mr. Chairman, I have an amendment.

Chairman Fascell. Mr. Dymally has an amendment.

Mr. Dymally. Mr. Chairman, it is the same amendment I had today. All I have to do is change page 25 to page 4, line 23, and would read:

"In employing persons for such program, the Secretary shall actively recruit women and members of minority groups."

Chairman Fascell. I think that is an excellent amendment.

Mr. Dymally. Thank you, Mr. Chairman.

Chairman Fascell. Is there any further discussion?

[No response.]

Chairman Fascell. All those in favor of the Dymally amendment, signify by saying "aye."

[A chorus of ayes.]

Chairman Fascell. All those opposed, "no."

[No response.]

Chairman Fascell. The ayes have it and the amendment is agreed to.

Mr. Dymally. Shall we so "grandfather" it, Mr. Chairman?

Chairman Fascell. Absolutely.

Now, are there any other amendments?

[No response.]

Chairman Fascell. The question then is on the amendment as amended.

All those in favor signify by saying "aye."

[A chorus of ayes.]

Chairman **Fascell**. All those opposed, "no."

[No response.]

Chairman **Fascell**. The ayes have it, and the amendment is agreed to.

The question recurs now on the bill as amended. All those in favor, signify by saying "aye."

[A chorus of ayes.]

Chairman **Fascell**. All those opposed, "no."

[No response.]

Chairman **Fascell**. The ayes have it and the bill is agreed to.

I want to thank you again, both members and staff of the Subcommittee on International Operations. This was a tremendous effort made by both sides of the aisle. I am grateful to all of you for the excellent work that was done.

Mr. **Dymally**. I would like to include report language, which I have discussed with the chairman, which would call for quarterly reports on my previous amendment, and some other report language.

Chairman **Fascell**. We will include that in the report language, Mr. Dymally.

[Whereupon the committee proceeded to other business.]

BLANK PAGE

APPENDIX 1

STATEMENT OF PRINCIPLES—RELATIONSHIP OF DSS TO USIA/AID

Secretary Shultz recently stated that "neither the Congress nor the American public understands or can be expected to condone confusion in security responsibility, authority or hierarchy." The Inman Panel described the overseas security program as overly fragmented and without a sufficiently clear chain of command to permit good management and maximum protection for our personnel overseas. Thus, it is the Department's objective, through legislation to fix overall responsibility and authority for the management and direction of the U.S. civilian security program overseas on the Secretary of State and through him the Ambassador at post.

To achieve this objective, security specialists from the new Bureau for Diplomatic Security will work closely with officials from USIA and AID on the development and agreement of appropriate security standards, procedures, and resource levels for USIA and AID facilities overseas. Public access is critical to the operation of USIA and AID programs. Thus, the Department of State recognizes that physical security standards applied to libraries, relay stations, AID construction sites, and other USIA and AID facilities located separately may differ from those applied to embassies, consulates, and diplomatic residences.

The Overseas Security Policy Group (OSPG) is the integral interagency mechanism for coordinating the security activities of all foreign affairs agencies. The purpose of the OSPG is to develop, coordinate and promote uniform policies, standards and agreements on overseas security operations and projects of the foreign affairs agencies. The directors of security for USIA and AID are members. The OSPG has been tasked with developing annual plans to include budget requests that encompass the security needs of all agencies including USIA and AID.

The Department's Priorities Planning Group (PPG) is where final program and budget recommendations for the Secretary are approved. AID, USIA and other affected agencies are invited to participate in the work of the PPG as it relates to the overseas security program. As currently agreed in the existing memoranda of understanding between State on the one hand and USIA and AID on the other, the DSS security attaches will continue to be responsible for the completion of physical, technical and procedural surveys of all USIA and AID offices located in an assigned region. DSS security attaches will recommend and establish measures for the

protection of life, property, and information at all foreign service facilities. Additionally, DSS security attaches will conduct investigations as required in the existing memoranda. DSS security attaches will include USIA and AID personnel at all training and indoctrination presentations and in the dissemination of security materials.

It is the intent of the Department of State to resolve--to the extent possible--disputes over security issues at post. Should conflicts arise between USIA or AID officials abroad and post security managers concerning substance or interpretation of security matters, the issue will be surfaced at the Emergency Action Committee for discussion and resolution by the Chief of Mission, who ultimately is the accountable official at post. As noted by Secretary Shultz, the Department of State, while encouraging consultation with USIA and AID on those elements of the security program that affect their interests, will be responsible for the management of overseas security services.

USIA and AID may wish to maintain their own security specialist in Washington, D.C. In the event of evidence or allegations of poor service by any DSS security attache relating to the security of USIA or AID facilities, it may be necessary for either USIA or AID to ask for a joint inspection of the facility abroad by State and AID/USIA headquarters staff for the purpose of determining compliance with agreed-upon services. However, normal physical security inspections and surveys are the responsibility of the DSS. Standard of accountability as outlined in the proposed legislation or Department of State employees, specifically DSS security attaches, are applicable to USIA and AID facilities, personnel and residences. This in itself is a powerful incentive for eliciting the most professional and complete services possible from security attaches.

Where the threat assessment makes it desirable to include a security specialist at any separate USIA or AID facility, the Department of State will place a DSS security attache at the site and if necessary in the longer term, seek funding and authorization for a permanent position.

APPENDIX 2

FISCAL YEAR 1986 SECURITY SUPPLEMENTAL RESOURCE SUMMARY, DEPARTMENT OF STATE

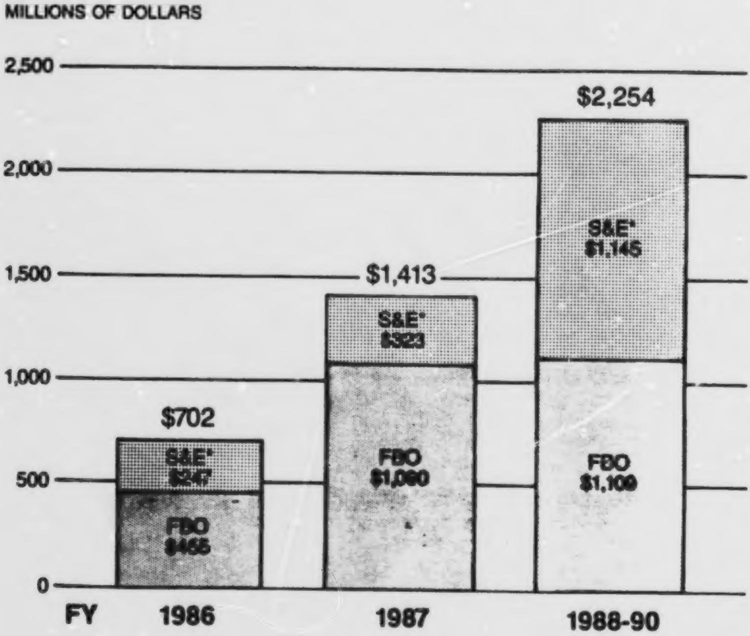
DIPLOMATIC SECURITY SUPPLEMENTALS
1986 - 1990
($000)

	1986	1987	1988	1989	1990	TOTAL
S & E	$237,494	$303,516	$286,347	$398,834	$404,676	$1,630,867
FBO	454,532	1,089,609	619,843	422,542	67,414	2,653,940
SUBTOTAL	692,026	1,393,125	906,190	821,376	472,090	4,284,807
R & D	10,000	20,000	19,000	18,000	17,000	84,000
TOTAL ADMIN. FOR. AFF.*	702,026	1,413,125	925,190	839,376	489,090	4,368,807
ATA**	4,840	4,340	5,500	6,000	6,500	27,680
TOTAL	706,866	1,417,965	930,690	845,376	495,590	4,396,487
CUMULATIVE	706,866	2,124,831	3,055,521	3,900,897	4,396,487	

* Appropriated in Commerce-Justice-State Appropriations
** Appropriated in Foreign Assistance

SECURITY SUPPLEMENTAL
SUMMARY

TOTAL AUTHORIZATION:		$4.4 BILLION
TOTAL APPROPRIATION:	1986	$0.7 BILLION
	1987	$1.4 BILLION



*Includes Counter-Terrorism R&D Appropriation

DEPARTMENT OF STATE

SECURITY SUPPLEMENTAL
SUMMARY OF NEW POSITIONS

(ALL AMERICANS)

SALARIES AND EXPENSES	1986	1987	1986-7 INCREASE
RESIDENTIAL SECURITY	49	79	30
TECHNICAL SECURITY	31	40	9
PROTECTION OF FOREIGN DIGNITARIES	126	126	-
LOCAL GUARDS	20	35	15
PROFESSIONALISM AND TRAINING	124	170	46
COMMUNICATIONS	58	63	5
INFORMATION SYSTEMS	76	76	-
OVERSEAS SUPPORT	48	48	-
DOMESTIC SUPPORT	63	75	12
TOTAL, SALARIES AND EXPENSES	595	712	117
FOREIGN BUILDINGS OPERATIONS	177	177	-
TOTAL NEW POSITIONS	772	889	117

2/86

DEPARTMENT OF STATE
SECURITY SUPPLEMENTAL
SALARIES AND EXPENSES FUNDING SUMMARY
(IN MILLIONS OF DOLLARS)

	1986	1987	1986-7 CHANGE
RESIDENTIAL SECURITY	$72	$94	$22
PERIMETER SECURITY	60	44	-16
TECHNICAL SECURITY	10	10	-
PROTECTION OF FOREIGN DIGNITARIES	5	9	4
LOCAL GUARDS	5	11	6
PROFESSIONALISM / TRAINING	15	24	9
COMMUNICATIONS	23	43	20
INFORMATION SYSTEMS	30	15	-15
REPLACEMENT OF LOCAL EMPLOYEES	6	28	22
OVERSEAS SUPPORT / DOMESTIC SUPPORT	11	26	15
TOTAL	237	304	67

2/86

1986 Security Supplemental
(Salaries and Expenses: $237,494,000)

Pursuant to recommendations by the Secretary's Advisory Panel on Overseas Security, a 1986 supplemental of $237,494,000 and 595 positions is proposed for urgently needed worldwide security protection, primarily for U.S. personnel and missions. Components of the supplemental are:

-- $71,522,000 and 49 positions to cover residential security for all agencies at high threat posts;

-- $59,827,000 for perimeter security to continue our program of providing improved protection for office buildings at high threat posts using the turnkey concept;

-- $10,132,000 and 31 positions to counter the unprecedented threat of sophisticated penetration systems used by hostile intelligence services against our facilities abroad;

-- $4,865,000 and 126 positions for the protection of certain foreign ambassadors and visiting foreign dignitaries;

-- $5,004,000 and 20 positions for managing an overseas guard program and improving the caliber of these guards;

-- $14,572,000 and 124 positions for security training and professionalism, of which $2,233,000 and 61 positions are for the new Bureau of Diplomatic Security.

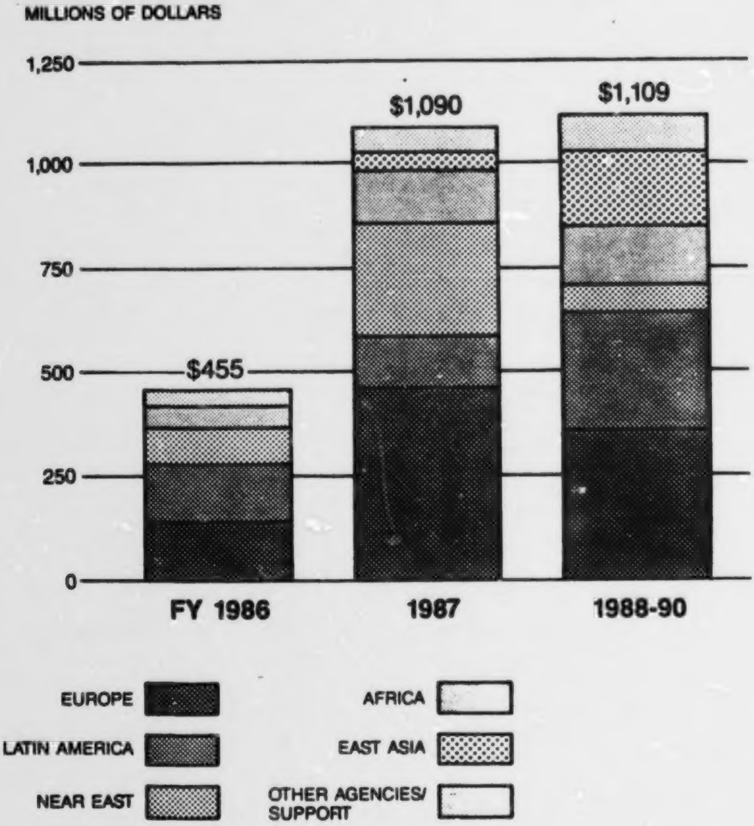
-- $22,769,000 and 58 positions for communications, primarily protection of classified office equipment and radio support;

-- $29,899,000 and 76 positions for information systems and security, primarily for an alternate ADP facility;

-- $6,330,000 to replace selected foreign service national employees at Soviet and Eastern European posts with American contract employees; and

-- $12,574,000 and 111 employees for other overseas and domestic support including engineering, vehicle replacement, protective equipment, regional security officers, terrorist threat analysis, domestic physical security, security investigations, procurement, transportation, counter-terrorism efforts, legal, personnel, financial, audit and other agency support.

SECURITY SUPPLEMENTAL
FOREIGN BUILDINGS PROGRAM



Security Supplemental
Summary of Security Construction
FY 1986 - FY 1990
(dollars in thousands)

	Number of State Security Construction Projects by Type				
Fiscal Year	Building Construction	Rehab	Relocation/ Renovation	Total Projects	Estimated Cost *
1986	22	2	0	24	$454,532
1987	21	3	0	24	1,089,609
1988	13	3	15	31	759,843
1989	11	0	2	13	512,542
1990	3	0	6	9	117,414
TOTAL	70	8	23	101	2,933,940
Deduct anticipated proceeds of sale 1988 - 1990:					- 280,000
				NET TOTAL:	$2,653,940

* Includes other agency projects.

Security Supplemental
Security Construction Capital Program
FY 1986
(dollars in thousands)

Country and Post	Prior Appropriation	1986 Request	Total Project
Construction:			
Bahrain, Manama	$12,571	$2,212	$14,783
Bangladesh, Dhaka	12,787	5,651	18,438
Bolivia, La Paz	23,839	12,611	36,450
Chile, Santiago	6,100	44,556	50,656
Cyprus, Nicosia ****	12,140	4,580	16,720
Guyana, Georgetown	11,149	4,307	15,456
Honduras, Tegucigalpa	11,355	4,351	15,706
Jamaica, Kingston	1,917	53,628	55,545
Jordan, Amman ***	19,853	24,901	44,754
Kuwait, Kuwait	18,140	6,002	24,142
Oman, Muscat	30,814	681	31,495
Qatar, Doha ***	10,530	6,358	16,888
Somalia, Mogadishu	14,340	19,287	33,627
Sudan, Khartoum	2,410	33,940	36,350
Switzerland, Geneva START **	3,130	56,170	59,300
Tunisia, Tunis	3,130	30,200	33,330
Turkey, Istanbul *	1,260	18,925	45,967
Turkey, Izmir	865	12,325	13,190
USSR, Moscow	0	25,000	25,000
Venezuela, Caracas	24,170	20,721	44,891
Yemen, Sanaa	22,161	8,556	30,717
TOTAL: 21 Office Buildings/1 Residence,		394,962	
Rehabilitation:			
Djibouti, Djibouti	1,800	800	2,600
United Kingdom, London	0	20,000	20,000
TOTAL:	2 Office Buildings,	20,800	
Project Support/Admin:	0	4,769	
Other Agency (USIA, AID, Commerce):	0	34,001	
	GRAND TOTAL:	454,532	

* Total includes $14,782 in FY 1987 and $11,000 in FY 1988
** Includes development/design
*** Includes site acquisition
**** Chancery and Ambassador's Residence project

1/30/86

Security Supplemental
Security Construction Capital Program
FY 1987
(dollars in thousands)

Country and Post	Prior Appropriation	1987 Request	Total Project
Acquisition, Development and Construction:			
Austria, Vienna	$0	$89,253	$89,253
Belgium, Brussels	0	53,814	53,814
Bulgaria, Sofia	0	38,024	38,024
Cameroon, Yaounde	0	29,355	29,355
Colombia, Bogota	0	57,589	57,589
Czechoslovakia, Prague	0	71,306	71,306
Egypt, Alexandria *	0	24,752	24,752
Egypt, Cairo *	0	54,608	54,608
Germany, Berlin	0	56,160	56,160
Greece, Athens ***	0	10,000	10,000
Hungary, Budapest	0	51,860	51,860
Israel, Tel Aviv *	0	83,423	83,423
Ivory Coast, Abidjan *	1,560	37,509	39,069
Jerusalem *	0	41,083	41,083
Morroco, Rabat	0	34,833	34,833
Peru, Lima	0	68,640	68,640
South Africa, Pretoria **	750	33,298	34,048
Thailand, Chiang Mai	0	21,179	21,179
Turkey, Ankara *	2,025	46,421	48,446
Turkey, Istanbul ****	20,185	14,782	45,967
Uganda, Kampala	0	28,912	28,912
United Arab Emirates, Abu Dhabi	0	29,052	29,052
TOTAL:	21 Office Buildings,	975,853	
Rehabilitation:			
France, Paris	0	9,692	9,692
Germany, Bonn	0	19,486	19,486
Japan, Tokyo	0	17,131	17,131
TOTAL:	3 Office Buildings,	46,309	
Project Support:	0	6,638	
Other Agency (USIA, AID, Commerce):	0	60,809	
	GRAND TOTAL:	1,089,609	

* Construction only
** Site acquisition and construction
*** Site acquisition only
**** Counted as FY 1986 project; total includes $11,000 in 1988.

Security Supplemental
Security Construction Capital Program
FY 1988
(dollars in thousands)

Country and Post	Prior Appropriation	1988 Request	Total Project
Acquisition, Development and Construction:			
Algeria, Algiers *	$1,615	$37,706	$39,321
Burma, Rangoon *	3,170	35,754	38,924
Denmark, Copenhagen	0	53,716	53,716
Ecuador, Quito	0	62,676	62,676
Germany, Hamburg	0	48,128	48,128
India, Bombay	0	31,757	31,757
Madagascar, Antanarivo	0	38,615	38,615
Malaysia, Kuala Lumpur ***	0	6,000	6,000
Panama, Panama **	0	65,205	65,205
South Africa, Johannesburg	0	25,179	25,179
Spain, Madrid	0	50,982	50,982
Suriname, Paramaribo	0	35,106	35,106
Thailand, Bangkok **	0	61,243	61,243
Turkey, Istanbul ****	34,967	11,000	45,967
Yugoslavia, Zagreb	0	26,185	26,185
TOTAL:	13 Office Buildings,	589,252	
Relocation/Renovation:			
Belgium, Antwerp	0	4,311	4,311
Colombia, Barranquilla	0	5,380	5,380
France, Lyon	0	3,952	3,952
France, Marseilles	0	4,822	4,822
Ireland, Belfast	0	3,910	3,910
Italy, Genoa	0	4,911	4,911
Mauritius, Port Louis	0	4,683	4,683
Mexico, Guadalajara	0	8,421	8,421
Mexico, Mazatlan	0	4,240	4,240
Mexico, Merida	0	4,474	4,474
Phillipines, Cebu	0	5,533	5,533
Spain, Bilbao	0	3,549	3,549
Switzerland, Zurich	0	8,763	8,763
Turkey, Adana	0	5,822	5,822
United Arab Emirates, Dubai	0	6,972	6,972
TOTAL:	15 Office Buildings,	79,743	
Rehabilitation:			
Hong Kong, Hong Kong	0	6,278	6,278
Japan, Osaka-Kobe	0	2,932	2,932
USSR, Leningrad	0	20,000	20,000
TOTAL:	3 Office Buildings,	29,210	
Project Support:	0	6,904	
Other Agency (USIA, AID, Commerce):	0	54,734	
	GRAND TOTAL:	759,843	

* Construction only
** Development/design and construction only
*** Site acquisition only
**** Counted as FY 1986 project

Security Supplemental
Security Construction Capital Program
FY 1989
(dollars in thousands)

Country and Post	Prior Appropriation	1989 Request	Total Project
Acquisition, Development and Construction:			
Bahamas, Nassau	$0	$30,703	$30,703
Barabados, Bridgetown	0	29,523	29,523
Brazil, Rio de Janeiro	0	60,341	60,341
Brazil, Sao Paolo	0	39,609	39,609
Greece, Thessaloniki	0	25,117	25,117
Indonesia, Jakarta	0	55,893	55,893
Korea, Seoul *	1,700	48,414	50,114
Malta, Valletta	0	24,798	24,798
Netherlands, The Hague	0	51,429	51,429
Switzerland, Bern	0	51,341	51,341
Zaire, Kinshasa	0	50,920	50,920
TOTAL:	11 Office Buildings,	468,088	
Relocation/Renovation:			
Cameroon, Doula	0	4,179	4,179
Seychelles, Victoria	0	5,297	5,297
TOTAL:	2 Office Buildings,	9,476	
Project Support:	0	7,180	
Other Agency (USIA, AID):	0	27,798	
	GRAND TOTAL:	512,542	

* Development/design and construction only

Security Supplemental
Security Construction Capital Program
FY 1990
(dollars in thousands)

Country and Post	Prior Appropriation	1990 Request	Total Project
Acquisition, Development and Construction:			
Burkina Faso, Ouagadougou	$0	$18,666	$18,666
Luxembourg, Luxembourg	0	17,915	17,915
South Africa, Capetown	0	26,981	26,981
TOTAL:	3 Office Buildings,	63,562	
Relocation/Renovation:			
Canada, Montreal	0	6,772	6,772
Italy, Florence	0	5,345	5,345
Mexico, Matamoros	0	3,718	3,718
Netherlands, Amsterdam	0	6,500	6,500
Spain, Barcelona	0	5,125	5,125
Venezuela, Maracaibo	0	3,898	3,898
TOTAL:	6 Office Buildings,	31,358	
Project Support:	0	7,466	
Other Agency (USIA, AID):	0	15,028	
	GRAND TOTAL:	117,414	

United States Department of State

Washington, D. C. 20520

INFORMATION MEMORANDUM
S/S

TO : The Secretary

THROUGH : M - Willard A. De Pree, Acting

FROM : DS - Robert E. Lamb

SUBJECT : Status of the Implementation of the Inman Panel's Recommendations

Summary: The Inman Panel presented its report to you in July. The report cited 91 recommendations for improving overseas security. We have already implemented 45 of the Panel's recommendations. Work is underway on an additional 20 recommendations. Twenty recommendations are on hold until we receive the additional resources requested in the Department's supplemental budget request. We are opposed to six of the Panel's recommendations. End Summary.

The Advisory Panel on Overseas Security (the "Inman Panel") presented its final report to you July 17. We have begun implementing many of the Panel's recommendations using existing resources and legislative authorities.

What we've done:

-- Sent draft authorization legislation to the Congress December 19.

-- Supplemental Budget request for $0.7 billion in FY86 and $1.4 billion in FY87 will be transmitted to the Congress by the President February 3 along with the Administration's FY87 budget.

-- Under Secretary Spiers, Office of Foreign Buildings Director Dertadian, and others have briefed House Foreign Affairs Committee, Senate Foreign Relations Committee and Senate Select Committee on Intelligence on the Inman Panel report and our implementation plans.

-- Created the Bureau of Diplomatic Security and the Office of the Ambassador-at-Large for Counterterrorism through reprogramming on November 4.

-- Launched an ambitious recruitment campaign to bring on board nearly 300 new security officers during FY86; nearly doubled the number of regional security officers and security engineering officers; doubled the size of our counterintelligence staff.

-- Completed significant physical security improvements at 152 posts in 1985.

-- Prepared "Living with the Threat of Terrorism" videotapes and distributed to all posts to inform families serving overseas on security precautions.

-- Sent Mobile Training Teams to high-threat posts, including Beirut, Bogota, Mexico City, Kuwait, and Brussels, to give employees and their dependents specialized security training.

-- Expanded participation in "Coping with Violence Abroad" seminar.

-- Established new interagency guidelines to streamline threat alert procedures.

-- Consolidated funding and management within the Department for local guard forces; agreed on an interagency policy on the administration of overseas guard forces.

-- Accelerated Emergency Action Exercise Program at overseas posts.

-- Increased interagency liaison by:

- assigning DS liaison to INR, M/OFM and DoD;
- requesting membership in Interpol;
- including USIA, AID and other agencies abroad in government-wide non-military overseas security budgeting and policy preparation;
- updating Memoranda of Understanding on overseas security with other agencies;
- standardizing dignitary protection policies and practices with the Secret Service;
- forming interagency Overseas Security Policy Group headed by State; and
- establishing interagency policy on co-location of offices overseas.

-- Doubled size of our armored vehicle program in FY86; every Chief of Mission in EUR, NEA, and ARA will have a fully armored vehicle by the end of FY86.

-- Increased number of Marine Security Guards and MSG detachments; will establish detachments in all Embassies and all Eastern European posts (Embassies and Consulates) with classified holdings.

-- Reorganized the Office of Foreign Buildings to prepare for security construction program recommended by the Inman Panel; developed cost data to support supplemental budget request; using critical-path analysis and private-sector support to implement security construction program.

What we have not done:

Before we can launch new programs or significantly expand our existing programs, we need additional authorities and resources, which we are seeking in the diplomatic security authorization Bill. That Bill requests $4.8 billion over the next six years for operating expenses and a security construction program involving about 60 of our most vulnerable posts. It also establishes an Assistant Secretary for Diplomatic Security, authorizes Accountability Review Boards in the event of breaches of security resulting in loss of life or significant property damage, and permits specific qualifications for employment in the Diplomatic Security Service.

We have decided not to implement the following recommendations of the Inman Panel:

-- The emergency radio program remains in the Office of Communications, instead of moving to the Bureau of Diplomatic Security.

-- The Ambassador-at-Large for Counterterrorism reports to the Secretary, rather than the Under Secretary for Political Affairs.

-- The Department will not pursue:

- capital budgeting to finance the security construction program (not opposed, but pursuing controversial recommendation would seriously delay entire program);
- counter-assault capability for dignitary protection details (will rely on FBI and local law-enforcement officials in the U.S. and host governments and JSOC overseas);
- transferring emergency communications systems to the Bureau of Diplomatic Security (should remain in the Office of Communications);
- seeking revisions in procurement and contracting statutes (existing emergency provisions in legislation are sufficient);
- supporting HR 2019 (now HR 2851) on FSN benefits if injured or killed (oppose several provisions tacked onto the resolution)
- making the Assistant Secretary for Diplomatic Security chairman of the Interagency Group on Terrorism (IG/T) (the Ambassador-at-Large will serve as chairman and the Assistant Secretary will be a member of the IG/T).

What we hope to accomplish over the long run:

-- We are going to make our Embassies safer. We plan to rebuild about 60 of our overseas office buildings which fall substantially below our security standards and which face a significant threat -- either technical or physical. We will modify nearly an equal number of facilities over the next seven to eight years. We will incorporate into our plans the design criteria and security standards being developed for us by the National Academy of Sciences. We have contracted for serious research on setbacks, features to thwart spies, and new construction materials.

-- We are going to protect our people outside the workplace, e.g., at home and to and from work.

-- We will be responsible for protecting all U.S. Government employees and families attached to our posts. This will end the long tradition of parochialism in which each agency was left to fend for itself. This will have broad budgetary implications.

-- We will build protection from espionage into our Embassies and increase our technical security capabilities.

-- We will substantially strengthen our efforts to protect foreign diplomats and visiting foreign dignitaries in the United States.

-- We are committed to building one of the best security program in government through increased security professionalism and training.

Drafted: DS-WAEaton, 1/15/86, 7-6290
Cleared: DS/DSS-DCFields
A-DJBouchard
A/FBO-RDertadian
M-DMason
S/CT-PBorg
M/COMP-RFeldman

DIPLOMATIC SECURITY

Department of State

The Department of State is generally responsible for the security of U.S. officials and employees abroad, except those under military commands. Following a series of attacks on our diplomatic facilities abroad, a 5-year program costing $4.4 billion has been developed to upgrade substantially the security of diplomatic operations.

FUNDING SUMMARY *

(In millions of dollars)

	1985	1986	1987	1988	1989	1990	1991
Current services:							
Budget authority	531	452	326	340	352	362	370
Outlays	208	466	410	421	395	363	362
President's budget:							
Budget authority	n.a.	1,159	1,747	1,271	1,197	857	787
Outlays	n.a.	553	1,038	1,152	1,408	1,424	1,206
Increase from current services:							
Outlays	n.a.	87	628	731	1,013	1,061	844

PROGRAM HISTORY AND CURRENT STATUS

The security of diplomatic missions has been of increased concern since several incidents of kidnapping, assassination, and mob violence in the 1970's. Although significant protective measures have been taken to counter that problem, the greatly heightened threat in this decade of terrorist bombing of embassies and assassination of officials requires extraordinary new responses.

- In 1982 an effort was undertaken to increase perimeter, entrance, and interior security at embassies and consulates, especially in unstable countries or countries having unfriendly relations with the United States.
- The second bombing of the embassy in Beirut in the fall of 1984 demonstrated that more substantial steps were required. Within weeks, the administration sought and Congress appropriated the first $110 million of what was to be a $343 million security supplemental. State began to pull together a top management team to upgrade security.

In June 1985 an advisory panel on overseas security completed a detailed analysis of the security of U.S. diplomatic missions and made major recommendations. During the past year, the State Department used the advisory panel's recommendations to develop a detailed program for administration consideration, which is embodied in the 1987 budget.

ADMINISTRATION PROPOSAL

The administration proposes a 5-year effort to improve the security of diplomatic activity in the United States and abroad. The major features of the plan are:

- consolidation of overseas diplomatic security responsibilities in the Department of State and creation of a new bureau for this purpose;

*includes ongoing security efforts in addition to the 5-year security program.

- establishment of a board of inquiry/accountability to review security breaches and recommend action against negligent personnel;
- increased protection of foreign official visitors and diplomats in the United States;
- replacement or modification of many diplomatic facilities that do not meet minimum security standards and strengthening of residential security for employees at high threat diplomatic posts;
- increased staffing, training, and professionalism for State Department security personnel; and
- additional and improved security and communications equipment to reduce the vulnerability of U.S. diplomatic missions.

The initiative will be budgeted over a 5-year period but will require 2 or 3 additional years to complete. Given the long lead time to complete new facilities and to improve security staffing and training, it is necessary to request $707 million of supplemental funds in 1986 and $1.7 billion in 1987. While the completion of this plan will not absolutely guarantee the safety of U.S. diplomatic personnel or facilities, it will greatly increase the Government's ability to conduct diplomatic relations in an orderly and safe manner.

DIPLOMATIC SECURITY
1985 - 1990
($000)

	1985	1986	1987	1988	1989	1990	TOTAL
S & E	$315,853	$516,346	$588,642	$582,593	$705,152	$719,878	$3,428,464
FBO	199,108	610,822	1,116,460	647,741	451,389	97,097	3,122,617
PFMD	9,500	9,900	10,300	10,702	11,066	11,386	62,854
EDCS	2,000	--	--	--	--	--	2,000
AIT	--	--	389	404	418	430	1,641
SUBTOTAL	526,461	1,137,068	1,715,791	1,241,440	1,168,025	828,791	6,617,576
R & D	--	10,000	20,000	19,000	18,000	17,000	84,000
TOTAL ADMIN. FOR. AFF.*	526,461	1,147,068	1,735,791	1,260,440	1,186,025	845,791	6,701,576
ATA**	5,000	12,260	9,840	10,710	11,418	11,619	60,847
TOTAL	531,461	1,159,328	1,745,631	1,271,150	1,197,443	857,410	6,762,423
CUMULATIVE	531,461	1,690,789	3,436,420	4,707,570	5,905,013	6,762,423	

* Appropriated in Commerce-Justice-State Appropriations
** Appropriated in Foreign Assistance

1/30/86

APPENDIX 3

RESPONSES TO QUESTIONS SUBMITTED BY SUBCOMMITTEE CHAIRMAN MICA TO DEPARTMENT OF STATE

Q. How many employees of the USG are attached to diplomatic and consular posts abroad?

A. There are approximately 16,000 from 26 agencies and Departments. The departments with the largest number of American personnel stationed at our posts abroad are State with 7,000; Defense with 4,000, AID with 1,600 (not counting 800 contractors), USIA with 900, Justice with 500, Treasury with 366, Agriculture with 270, and Commerce with 250. Other agencies represented include the American Battle Monuments Commission, Department of Energy, Department of Transportation (including FAA, Maritime Administration and the Coast Guard), GSA, HHS, NASA, National Science Foundation, the TVA, the Veterans Administration, the GAO, and the Library of Congress.

When dependents are taken into account, the number rises to about 45,000.

In addition, there are approximately 17,000 local employees working for these various agencies and departments at our posts.

```
***********************          DEPARTMENT OF STATE
*       OFUS 1        *                (M/MO)
*AUTR-US-O/S-SUMMARY*      AUTHORIZED US OVERSEAS POSITIONS
***********************        AGENCY/ACTIVITY SUMMARY
                                     28 JAN 86
```

AGENCY	ACTIVITY	POSITIONS
AGRICULTURE DEPARTMENT	AGRICULTURAL RESEARCH SERVICE	21
	ANIMAL & PLANT HEALTH INSPECTION SE	105
	FOOD SAFETY AND INSPECTION SERVICE	11
	FOREIGN AGRICULTURAL SERVICE	123
	OFFICE OF INTERNATIONAL COOPERATION	2
	SOIL CONSERVATION SERVICE	8

		278
AMERICAN BATTLE MONUMENTS COMMISS		45
ARMS CONTROL & DISARMAMENT AGENCY		5
COMMERCE DEPARTMENT	FOREIGN COMMERCIAL SERVICE	204
	INTERNATIONAL TRADE ADMINISTRATION	17
	NATIONAL OCEANIC & ATMOSPHERIC ADMI	9
	US TRAVEL SERVICE	17

		247
DEPARTMENT OF DEFENSE	DEFENSE INTELLIGENCE AGENCY	671
	MARINE SECURITY GUARDS	1229
	NAVAL SUPPORT UNIT - SEABEES	43
	OTHER	1422
	SECURITY ASSISTANCE	748

		4113
DEPARTMENT OF ENERGY	ASST SEC INTL AFFAIRS	2
DEPARTMENT OF TRANSPORTATION	FEDERAL AVIATION ADMINISTRATION	113
	MARITIME ADMINISTRATION	4
	US COAST GUARD	257

		374
FEDERAL EMERGENCY MANAGEMENT AGEN	DIRECTORS OFFICE, INTERNATIONAL AFF	3
FOREIGN BROADCASTING INFORMATION		98
GENERAL SERVICES ADMINISTRATION	OFFICE OF PERSONAL PROPERTY	5

		5
HEALTH & HUMAN SERVICES	CENTER FOR DISEASE CONTROL	7
	NATL INSTITUTES OF HEALTH	2
	OFF ASST SECTY HEALTH	1
	SOCIAL SECURITY ADMINISTRATION	1

		11
IDCA/AGENCY FOR INTERNATIONAL DEV	BUREAU FOR AFRICA	652
	BUREAU FOR ASIA	768

	BUREAU FOR LATIN AMERICA & CARIBBEA	330
	BUREAU FOR NEAR EAST	263
	OFF OF AUDITOR GENERAL	52
	OFFICE OF FOOD FOR PEACE	2
	OFFICE OF PROGRAM AND POLICY COORDI	8

		1515
IDCA/TRADE AND DEVELOPMENT PROGRA	TRADE AND DEVELOPMENT PROGRAM	2
JAPAN-U.S. FRIENDSHIP COMMISSION		1
JUSTICE DEPARTMENT	CIVIL DIVISION	1
	DRUG ENFORCEMENT ADMINISTRATION	302
	FEDERAL BUREAU OF INVESTIGATION	68
	IMMIGRATION & NATURALIZATION SERVIC	135

		496
NATIONAL AERONAUTICS & SPACE ADMI	OFFICE OF INTERNATIONAL AFFAIRS	1
	OFFICE OF SPACE FLIGHT	14
	OFFICE OF TRACKING & DATA ACQUISITI	7

		22
NATL SCIENCE FOUNDATION		2
PEACE CORPS	PEACE CORPS STAFF	171

		171
STATE DEPARTMENT		6958
TENNESSEE VALLEY AUTHORITY		6
TREASURY DEPARTMENT	COMPTROLLER OF THE CURRENCY	6
	CUSTOMS SERVICE	257
	INTERNAL REVENUE SERVICE	56
	OFFICE ASST SECRETARY INTERNATIONAL	40
	SECRET SERVICE	13

		366
UNITED STATES INFORMATION AGENCY	AFRICAN AFFAIRS	182
	AMERICAN REPUBLICS AFFAIRS	138
	ASSOCIATE DIR BROADCASTNG	167
	ASSOCIATE DIR PROGRAMS	43
	ASSOCIATE DIRECTOR - MANAGEMENT	9
	EAST ASIAN & PACIFIC AFFAIRS	182
	EDUCATIONAL & CULTURAL AFFAIRS	22
	EUROPEAN AFFAIRS	234
	NORTH AFRICAN, NEAR EASTERN & SOUTH	121
	OFFICE OF PERSONNEL SERVICES	66

		937
US TRADE REPRESENTATIVE		11
VETERANS ADMINISTRATION	REGIONAL OFF PHILIPPINES	8

TOTAL AUTHORIZED POSITIONS		15771

Q. I am surprised to learn that there are so many employees from so many agencies stationed at diplomatic and consular posts abroad. What kind of control does the Secretary of State exercise over this?

A. In fact, there is little real control exercised over the number of agencies and their personnel stationed abroad. The Secretary does not have the legal authority to determine the size and composition of missions abroad. It is peculiar but true that Chiefs of Mission have much greater legal authority in this area than the Secretary. The Chief of Mission's authority derives from Section 207 of the Foreign Service Act of 1980. That law gives the Chief of Mission the authority and responsibility to direct, coordinate and supervise all government employees in his or her country except those under the authority of an area military commander (that is, at bases for example). This authority is reinforced and further articulated in the President's letter to all Chiefs of Mission dated September 23, 1981. Authority to determine the size and composition of posts is given to Chiefs of Mission in NSDD-38.

The Secretary lacks similar authority; although this has not stopped him from determining the size of missions from time to time--Beirut being an example.

Clearly the Inman Panel thought this situation should be corrected as is illustrated by its stress on a simple and direct chain of command focussed on the Secretary of State.

b. Interdepartmental Groups (IGs)

An IG is established and convened under the authority of the Secretary of State. It has two primary responsibilities: (1) to formulate foreign policy for consideration at the policy level, and (2) to implement approved policy decisions. An IG is designed to coordinate the positions and interests of the foreign affairs community through an orderly, well-managed process. It is the responsibility of the Department of State to ensure that the views and positions of all appropriate agencies are adequately represented throughout the process.

The IGs will be chaired by the appropriate Assistant Secretary, and membership will include representatives of the Secretary of Defense, the Director of Central Intelligence, the Chairman of the Joint Chiefs of Staff, the Assistant to the President for National Security Affairs, and other agencies at the discretion of the Chair depending on the issue under consideration.

c. Interagency Process

Policy issues flow upward from Interagency Groups (IGs) at the Assistant Secretary level, to Senior Interagency Groups (SIGs) at the Deputy or Under Secretary level, and then to the NSC for decision. Foreign Policy issues in the interagency system originate in the bureaus of the Department or are identified for study in a National Security Study Directive (NSSD) emanating from the White House. The culmination of the interagency process is the National Security Decision Directive (NSDD) issued by the President. The NSDD promulgates policy decisions taken by the President and directs their implementation.

d. The Country Director in the Department of State

The Country Director will serve as the single focus of responsibility for leadership and coordination of departmental and interdepartmental activities concerning the Director's country or countries of assignment. In particular the Director will:

(1) Provide continuing departmental and interdepartmental leadership in planning, coordination, and implementation of decisions;

(2) Raise specific matters for consideration by the NSC Interdepartmental Groups, and bring detailed knowledge to the Interdepartmental Group discussions when so requested;

(3) Serve as the base for crisis task force operations as necessary.

The Country Director will be responsible for seeing that the Ambassador's needs are served both within the Department and Government-wide and will ensure that the mission is properly supported in the full range of its requirements: policy, operations, and administration.

Each Country Director will organize and develop such contacts, channels, and mechanisms as are appropriate to and necessary for full interdepartmental leadership on country matters, and for full support to the Assistant Secretary.

To assist in providing guidance and direction to the Country Director, the Assistant Secretary will have one or more Deputy Assistant Secretaries whose areas of responsibility will be defined by the Assistant Secretary.

013.2 Responsibilities of Chiefs of U.S. Missions

a. Definition: Section 102(3) of the Foreign Service Act of 1980 (Public Law 96-465, October 17, 1980) states:

> "(3) "chief of mission" means the principal officer in charge of a diplomatic mission of the United States or of a United States office abroad which is designated by the Secretary of State as diplomatic in nature, including any individual assigned under section 502(c) to be temporarily in charge of such a mission or office."

Reflecting the wishes of Congress expressed in the words of the House report accompanying the Fiscal Year 1979 authorization bill, the principal officer in charge of such diplomatic missions as the Consulate General in Jerusalem, the Consulate General in Hong Kong, and the U.S. Interests Section in the Swiss Embassy in Havana have been designated as chiefs of mission.

b. Section 207 of the Foreign Service Act of 1980 (Public Law 96-465, October 17, 1980) reads as follows:

> "Sec. 207. CHIEF OF MISSION.
>
> (a) Under the direction of the President, the chief of mission to a foreign country—
>
> "(1) shall have full responsibility for the direction, coordination, and supervision of all Government employees in that country (except for employees under the command of a United States area military commander); and
>
> "(2) shall keep fully and currently informed with respect to all activities and operations of the Government within that country, and shall insure that all Government employees in that country (except for employees under the command of a United States area military commander) comply fully with all applicable directives of the chief of mission.
>
> "(b) Any agency having employees in a foreign country shall keep the chief of mission to that country fully and currently informed with respect to all activities and operations of its employees in that country, and shall insure that all of its employees in that country (except for employees under the command of a United States area military commander) comply fully with all applicable directives of the chief of mission.

c. President Reagan sent to each American Ambassador the following letter:

THE WHITE HOUSE
WASHINGTON

September 23, 1981

Dear Mr. Ambassador:

I want to extend to you my personal best wishes for the success of your mission in (country). As my personal representative there, you, along with the Secretary of State, share with me the responsibility for the conduct of our relations with (country). I know we share a mutual conviction that carrying the American message of hope and freedom and advancing United States' interests abroad reinforces the foundations of peace. Together we are pledged to work for national strength and economic growth and to promote the values undergirding our Nation's unity and security.

I give you my full personal support as Chief of the United States Mission in (country) in the exercise of your strong statutory mandate under section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927). I charge you to exercise full responsibility for the direction, coordination, and supervision of all United States Government officers and employees in the country or organization to which you are accredited, except for personnel under the command of a United States area military commander, personnel under the authority of the Chief of another United States Mission (for example, one accredited to an international organization), or personnel detailed to duty on the staff of an international organization. I expect you to oversee the operation of all United States Government programs and activities within that responsibility. I have notified all heads of departments and agencies accordingly and have instructed them to inform their personnel in the United States and abroad.

So that you can ensure effective coordination of all United States Government activities within your responsibility, I ask you to provide strong program direction and leadership of operations Missionwide. Please instruct all personnel under your charge: it is their duty to keep you fully informed at all times about their activities so you can effectively direct, coordinate, and supervise United States programs and operations under your jurisdiction and recommend policies to Washington.

You will receive policy guidance and instructions from the Secretary of State, who is my principal foreign policy spokesman and adviser, or from me directly. I expect you to report with directness and candor. I want to emphasize that the Secretary of State has the responsibility not only for the activities of the Department of State and the Foreign Service but also, to the fullest extent provided by law, for the overall policy direction, coordination, and supervision of the United States Government activities overseas. There may be developments or decisions on which personnel under your authority disagree. The Secretary of State and I will always welcome the opportunity to consider your recommendations for alternative courses of action and policy proposals.

As you assume your duties, I know that you will do so with a strong commitment to impartial and equitable treatment of all U.S. Government personnel under your jurisdiction. Should any perceived inequities be amenable to elimination or mitigation by appeal to or negotiation with the host government, I urge you to pursue this course in a manner consistent with your authority and with international law and established customary practice. Recognizing that various agencies operate under different legislation and regulations, should you consider legislative or executive policy changes to be desirable in this connection, you should recommend such changes through the Secretary of State. Additionally, fair treatment of all U.S. Government personnel regardless of race, color, creed, sex or national origin epitomizes our belief in and adherence to the principles of equality of opportunity, a value and concept that form an important element of the American democratic tradition.

As Commander-in-Chief, I have authority over United States military forces. On my behalf you have responsibility for the direction, coordination, supervision, and safety, including security from terrorism, of all Defense Department personnel in (country) except those forces under the operational command and control of a United States area military commander and personnel detailed to international organizations. Defense Attache offices, units engaged in security assistance, and other DOD components attached to your Mission, as well as other Defense Department activities which may have an impact upon the conduct of our diplomatic relations with (country) fall within your responsibility.

It is imperative that you maintain close relations with concerned United States area military commanders and Chiefs of Mission accredited to international organizations. A copy of this letter is being disseminated to them.

You must keep each other currently informed and cooperate on all matters of mutual interest. Any differences which cannot be resolved in the field should be reported by you to the Secretary of State; unified commanders should report to the Secretary of Defense.

I expect the highest standards of professional and personal conduct from all United States Government personnel abroad. You have the authority and my full support to take any action required to ensure the maintenance of such standards.

Your mission is to protect and advance the United States' interests abroad, and you will receive the resources necessary to accomplish that mission. At the same time, I expect that these resources will be used in an effective and efficient manner, and that they will be directly and carefully related to priority policy and program activities. You should inform the Secretary of State when you believe that staffing of any agency is either inadequate or excessive to the performance of essential functions.

I am confident that you will represent the United States with imagination, energy, and skill. You have my full personal confidence and best wishes.

Sincerely,

(Signed) RONALD REAGAN

THE WHITE HOUSE
WASHINGTON

June 2, 1982

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT
THE DIRECTOR, INTERNATIONAL COMMUNICATION AGENCY

SUBJECT: Staffing at Diplomatic Missions

The President has approved the attached National Security Decision Directive on Staffing at Diplomatic Missions and Their Constituent Posts.

FOR THE PRESIDENT:

William P. Clark

Attachment

THE WHITE HOUSE
WASHINGTON

June 2, 1982

STAFFING AT DIPLOMATIC MISSIONS AND THEIR CONSTITUENT POSTS

This directive supersedes the directive of October 14, 1974 and subsequent directives governing the Monitoring Overseas Direct Employment (MODE) system.

In accordance with my letter to Chiefs of Mission, and the memorandum of September 22, 1981, conveying it to heads of Executive Departments and Agencies, all agencies with staffs operating under the authority of Chiefs of Mission will ensure that, in coordination with the Department of State, the Chiefs of Missions' approval is sought on any proposed changes in the size, composition, or mandate of such staff elements. Departments and agencies wishing to initiate changes should transmit their proposals to Chiefs of Missions in consultation with the Department of State. In the event the Secretary of State or his designee is unable promptly to resolve to the satisfaction of the parties concerned any disputes which may arise between Chiefs of Mission and Agency Heads or his designee, the Secretary of State and the other Agency Head concerned will present the differing views to me for decision through the Assistant to the President for National Security Affairs. Formal acknowledgement of changes approved by Chiefs of Mission or determined by me shall be transmitted to diplomatic missions by the Department of State.

Overseas staffing of elements with U.S. diplomatic missions abroad shall conform to decisions reached in accordance with the above procedures and decisions made through the budgetary process.

Departments and agencies will keep the Department of State informed as to current and projected overseas staffing authorizations for each diplomatic post, differentiating between the number of U.S. personnel and the number of foreign national personnel authorized for each post. The Department of State shall maintain a current record of staffing authorizations for each overseas post. Agencies will cooperate with the Department of State in providing data including any data needed to meet special reporting requirements.

The Department of State, in consultation with concerned agencies, will develop guidelines by July 1, 1982 for my approval to implement this directive.

Ronald Reagan

Q. Last year in the Intelligence Authorization Act, DOD, the CIA and OPM were given authority to request from criminal justice agencies at the state and local level criminal history records as a part of background investigations for security clearances. Would it be useful for the Department to have such authority?

A. Yes. Last year the Administration requested that the Department be added to this list because it conducts more than 4,000 security clearance background investigations annually. Obviously, we want to do everything we can to improve the quality of those investigations and acquiring this kind of information would be important.

Q. The Administration describes this program as one lasting five years and has provided estimates of its cost year by year for five years. Do you think we should authorize the program in that manner for the full period?

A. Yes. This is a specific program designed to accomplish particular things. Having it fully authorized on a year by year basis would make it easier to administer and would keep it identifiable as a separate program thus making oversight easier.

Q. The ACLU has told us that their view, the accountability portions of this proposed legislation are too arbitrary--that they leave no room for appeals either administratively or to the courts. What is you opinion of this?

A. I agree with the ACLU. I think that part of the bill is too arbitrary. We have discussed this matter with the subcommittee's staff and have suggested some changes in the Bill's language to them which would fix this problem by establishing an appeals process.

Q. You are recommending a major security improvement which will cost a lot. You have many law enforcement and investigative responsibilities. What steps are you taking to protect operational files--files about protective and security operations and investigations, about counter-terrorism planning or which contain information given to us by foreign governments with the understanding that it would remain confidential? It seems to me that many of your efforts could be defeated if such information were not well protected from disclosure.

A. I agree with you. Our strategy is to classify such information and protect it that way. We have been considering the idea of seeking some kind of change in the Freedom of Information Act with respect to this kind of information--perhaps the kind of change the CIA got a year or two ago which offered such information better protection but still provided for various reviews to be sure that the increased authority to classify and withhold information was not abused. We would be happy to work with you on this problem if you wish. We obviously don't want to spend all this money and find the information we are trying to protect leak out the back door.

Q. Over the past two years, we have spent a lot of time on security issues. It seems to me that if we are going to spend this much money on improving security, we must also make every effort to conduct our work abroad in as secure manner as possible. In that connect, it seems to me that it would be prudent to vary the use of air routes and carriers so as to inject some randomization into travel. Do you think that an effort to randomize travel would useful?

A. Yes. We now instruct our employees to avoid patterns of behavior which could expose them to risk. We tell them to vary their times of departure from home on the way to the office and to vary their routes. The same principle clearly applies to other forms of travel.

Q. I note that you plan to offer protection to foreign countries' posts and officials in this country as a part of the program to be authorized in this Bill. Have you considered reducing the number of those posts, their size, and do you take security considerations into account when authorizing the establishment of such offices or in external changes to them?

A. Yes, we do plan to improve the protection of foreign official and posts in this country. We have a treaty obligation to do so. We also have a more immediate motive--reciprocity.

That being said, however, you are right to be concerned about the number of foreign posts because that does impact on the cost of the security program. We have the authority to determine whether or not to permit a country to establish a post, to move one or to change one's exterior. We have not, however, taken a look at the overall picture of the total number and distribution of such posts because we have been so busy with other aspects of this security program.

Q. The legislation proposed by the Inman Panel included language to establish an overseas property board to hold FBO property, to collect rents from government agencies for its use, to receive those consular fees now collected by the Department of State, and to borrow money to finance construction. The Administration's bill is silent on these points. What do you think of these ideas?

A. The central issue here was that of "capital budgeting." The Administration decided that it did not want to go in that direction; so the property board and debt authority were not included in the bill. The Administration's real objection was to the debt authority. We prefer the regular authorization and appropriation process; although, we recognize that debt authority offers many advantages the most important of which is that it would permit the money to flow to the projects when actually needed, not on a rigid appropriations schedule.

Whether or not to charge rent for the use of overseas property is interesting and imitates GSA practice in this country. I see important advantages in it because it would link costs more closely to operations and thus might discourage marginal overseas representation and thus reduce our security burden. Furthermore, rents might also be used in part to establish an overseas building fund along the lines of GSA's existing public building fund.

Using consular fees to finance part of our construction program has long seemed to be a good idea to me. About $200 million is earned annually from fees, and it makes very good sense to invest that money directly in our construction program.

APPENDIX 4

EW3214'

[March 5, 1986]

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 4151
OFFERED BY MR. MICA

Strike all after the enacting clause and insert in lieu thereof the following:

TITLE I--DIPLOMATIC SECURITY

SEC. 101. SHORT TITLE.

Titles I through IV of this Act may be cited as the ``Diplomatic Security Act''.

SEC. 102. FINDINGS AND PURPOSE.

(a) FINDINGS.--The Congress finds and declares that--

(1) the United States has a crucial stake in the presence of United States Government employees representing United States interests abroad;

(2) conditions confronting United States Government employees and missions abroad are fraught with security concerns which will continue for the foreseeable future; and

(3) the resources now available to counter acts of terrorism and protect and secure United States Government employees and missions abroad, as well as foreign officials and missions in the United States, are inadequate to meet the mounting threat to such personnel and facilities.

(b) PURPOSES.--The purposes of titles I through IV are--

(1) to set forth the responsibility of the Secretary of State with respect to the security of diplomatic operations in the United States and abroad;

(2) to provide for an Assistant Secretary of State to head the Bureau of Diplomatic Security of the Department of State, and to set forth certain provisions relating to the Diplomatic Security Service of the Department of State;

(3) to maximize coordination by the Department of State with Federal, State, and local agencies and agencies of foreign governments in order to enhance security programs;

(4) to promote strengthened security measures and to provide for the accountability of United States Government employees with security-related responsibilities; and

(5) to provide authorization of appropriations for the Department of State to carry out its responsibilities in the area of security and counter-terrorism, and in particular to finance the acquisition and improvements of United States Government missions abroad, including real property, buildings, facilities, and communications, information and security systems.

SEC. 103. RESPONSIBILITY OF THE SECRETARY OF STATE.

(a) SECURITY FUNCTIONS.--The Secretary of State shall develop and implement (in consultation with other agencies having personnel or missions abroad where appropriate and within the scope of the resources made available) policies and programs, including funding levels and standards, to provide for the security of United States Government operations of a diplomatic nature and foreign government operations of a diplomatic nature in the United States. Such policies and programs shall include--

(1) protection of all United States Government employees on official duty abroad (other than those employees under the command of a United States area military commander) and their accompanying dependents;

(2) establishment and operation of security functions at all United States Government missions abroad (other than facilities or installations subject to the control of a United States area military commander);

(3) establishment and operation of security functions at all Department of State facilities in the United States; and

(4) protection of foreign missions, international organizations, and foreign officials and other foreign persons in the United States, as authorized by law.

(b) OVERSIGHT OF OVERSEAS POSTS.--The Secretary of State shall--

(1) have full responsibility for the coordination of all United States Government employees assigned to diplomatic or consular posts or other United States missions abroad pursuant to United States Government authorization (except for facilities, installations, or employees under the command of a United States area military commander); and

(2) establish appropriate overseas staffing levels for all such posts or missions for all departments and agencies with activities abroad (except for persons and activities under the command of a United States area military commander).

SEC. 104. BUREAU OF DIPLOMATIC SECURITY.

(a) THE BUREAU.--There shall be a Bureau of Diplomatic Security in the Department of State, to be headed by the Assistant Secretary for Diplomatic Security. The Assistant Secretary shall be responsible for carrying out the functions and duties set forth in section 105 and such additional functions as may be directed by the Secretary of State.

(b) NUMBER OF ASSISTANT SECRETARIES.--The first section of the Act entitled ``An Act to strengthen and improve the organization and administration of the Department of State, and for other purposes,'' approved May 26, 1949 (22 U.S.C. 2652), is amended by striking out ``fourteen'' and inserting in lieu thereof ``fifteen''.

(c) POSITIONS AT LEVEL IV OF THE EXECUTIVE SCHEDULE.--Section 5315 of title 5, United States Code, is amended by striking out ``(14)'' following ``Assistant Secretaries of State'' and inserting in lieu thereof ``(15)''.

(d) EFFECTIVE DATE.--The amendment made by subsection (c) shall take effect on October 1, 1986.

SEC. 105. RESPONSIBILITIES OF THE ASSISTANT SECRETARY FOR DIPLOMATIC SECURITY.

The Assistant Secretary for Diplomatic Security shall be responsible for the following:

(1) FORMER OFFICE OF SECURITY FUNCTIONS.--Functions and responsibilities exercised by the Office of Security, Department of State before November 11, 1985.

(2) OVERSEAS SECURITY AND PROTECTIVE OPERATIONS.--

(A) Establishment and operation of overseas post security and protective functions.

(B) Establishment and operation of communications, computer, and information security.

(C) Emergency planning.

(D) Establishment and operation of local guard services.

(E) Supervision of the United States Marine Corps security guard program.

(F) Liaison with American overseas private sector security interests.

(3) SECURITY AND PROTECTIVE OPERATIONS IN THE UNITED STATES.--

(A) Protection of foreign missions and international organizations, foreign officials, and diplomatic personnel, as authorized by law.

(B) Protection of the Secretary of State and other persons designated by the Secretary of State, as authorized by law.

(C) Protection of Department of State facilities, communications, and computer and information systems.

(D) Conduct of investigations relating to protection of foreign officials and foreign missions, suitability for employment, employee security, illegal passport and visa issuance or use, and any other investigation authorized by law.

(E) Assisting an Inspector General of the Department of State with such investigations as that Inspector General may request.

(F) Carrying out rewards programs for information concerning terrorism, as authorized by law.

(G) Performance of other security and protective matters as authorized by law.

(4) COUNTER-TERRORISM PLANNING AND COORDINATION.--With respect to programs of the Department

of State, development and coordination of counter-terrorism planning, emergency action planning, threat analysis programs, and liaison with other United States agencies to carry out this paragraph.

(5) SECURITY TECHNOLOGY.--Development, procurement, and implementation of technical security measures, including security-related construction, radio and personnel security communications, armored vehicles, computer and communications security, and research programs necessary to develop such measures.

(6) DIPLOMATIC COURIER SERVICE.--Management of the transfer of classified and unclassified physical information, diplomatic pouch contents, and related services.

(7) PERSONNEL TRAINING.--Development of facilities, methods, and materials to develop and upgrade necessary skills in order to carry out this section.

(8) FOREIGN GOVERNMENT TRAINING.--Management and development of programs to assist foreign government security training which are administered by the Department of State under chapter 8 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2349aa et seq.) (relating to anti-terrorism assistance).

SEC. 106. COOPERATION OF OTHER AGENCIES.

(a) ASSISTANCE.--In order to facilitate fulfillment of the responsibilities described in section 103(a), other Federal agencies shall cooperate (through agreements) to the maximum extent possible with the Secretary of State. Such agencies may, with or without reimbursement, provide assistance to the Secretary, perform security inspections, provide logistical support relating to the differing missions and facilities of other agencies, and perform other overseas security functions as may be authorized by the Secretary. Specifically, the Secretary may agree to delegate operational control of overseas security functions of other Federal agencies to the heads of such agencies, subject to the Secretary's authority as set forth in section 103(a). The agency head receiving such delegated authority shall be responsible to the Secretary in the exercise of the delegated operational control.

(b) OTHER AGENCIES.--Nothing contained in titles I through IV shall be construed to limit or impair the authority or responsibility of any other Federal, State, or local agency with respect to law enforcement or domestic security operations.

(c) CERTAIN LEASE ARRANGEMENTS.--The Administrator of General Services is authorized to lease (to such extent or in such amounts as are provided in appropriation Acts) up to 250,000 square feet in the United States for the Department of State to accommodate the personnel required to carry out the purposes of this title. The Department of State shall pay for such space at the rate established by the Administrator of General Services for space and related services.

SEC. 107. PROTECTION OF FOREIGN CONSULATES.

Not later than 2 months after the date of enactment of this Act, the Secretary of State shall establish a process for periodic review of the accreditation in the United States of all foreign consular personnel, including honorary consuls, and the number and location of all consular facilities. The Secretary shall submit a report on this process to the Committee on Foreign Affairs of the House of Repesentatives and the Committee on Foreign Relations of the Senate not later than 6 months after the date of the enactment of this Act. Such report shall describe this periodic review process and present a plan for the reduction (as well as consolidation) of consular and related functions.

TITLE II--DIPLOMATIC SECURITY SERVICE

SEC. 201. ESTABLISHMENT OF DIPLOMATIC SECURITY SERVICE.

There shall be, within the Bureau of Diplomatic Security, the Diplomatic Security Service. The Diplomatic Security Service shall perform such functions as may be assigned to it by the Secretary of State.

SEC. 202. DIRECTOR OF DIPLOMATIC SECURITY SERVICE.

The Diplomatic Security Service shall be headed by a Director designated by the Secretary of State. The Director shall be a career member of the Senior Foreign Service or the Senior Executive Service and shall be qualified for the position by virtue of demonstrated ability in the area of security, law enforcement, management, or public administration. Experience in management or operations at overseas diplomatic posts shall be considered an affirmative factor in the selection of the Director. The Director shall act under the supervision and direction of the Assistant Secretary for Diplomatic Security.

SEC. 203. POSITIONS IN THE DIPLOMATIC SECURITY SERVICE.

Positions in the Diplomatic Security Service shall be filled in accordance with the provisions of the Foreign Service Act of 1980 (22 U.S.C. 3901 et seq.) and title 5, United States Code. The Secretary of State shall prescribe the qualifications required for assignment or appointment to such positions. In the case of positions designated for special agents, the qualifications may include minimum and maximum entry age restrictions and other physical standards and shall incorporate such standards as may be required by law in order to perform security functions, to bear arms, and to exercise investigatory, warrant, arrest, and such other authorities as are available by law to special agents of the Department of State and the Foreign Service.

TITLE III--PERFORMANCE AND ACCOUNTABILITY

SEC. 301. ACCOUNTABILITY REVIEW.

In any case of serious injury, loss of life, or significant destruction of property at or related to a United States Government mission abroad which is covered by the provisions of titles I through IV (other than a facility or installation subject to the control of a United States area military commander), the Secretary of State shall convene an Accountability Review Board (hereafter in this title referred to as the ``Board''). The Secretary shall not convene a Board where the Secretary determines that a case clearly involves only causes unrelated to security.

SEC. 302. ACCOUNTABILITY REVIEW BOARD.

(a) MEMBERSHIP.--A Board shall consist of five members, 4 appointed by the Secretary of State, and 1 appointed by the Director of Central Intelligence. The Secretary of State shall designate the Chairperson of the Board. Members of the Board who are not Federal officers or employees shall each be paid at a rate not to exceed the maximum rate of basic pay payable for level GS-18 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Board. Members of the Board who are not Federal officers or employees shall receive no additional pay by reason of such membership.

(b) FACILITIES, SERVICES, SUPPLIES, AND STAFF.--

(1) SUPPLIED BY DEPARTMENT OF STATE.--A Board shall obtain facilities, services, and supplies through the

Department of State. All expenses of the Board, including necessary costs of travel, shall be paid by the Department of State. Travel expenses authorized under this paragraph shall be paid in accordance with subchapter I of chapter 57 of title 5, United States Code, or other applicable law.

(2) DETAIL.--At the request of a Board, employees of the Department of State or other Federal agencies, members of the Foreign Service or members of the Armed Forces may be temporarily assigned, with or without reimbursement, to assist the Board. Upon request, the Inspector General of the Department of State and the Foreign Service may provide assistance to the Board.

(3) EXPERTS AND CONSULTANTS.--A Board may employ and compensate experts and consultants in accordance with section 3109 of title 5, United States Code, who shall be responsible solely to the Board, as the Board considers necessary to carry out its functions.

SEC. 303. PROCEDURES.

(a) EVIDENCE.--

(1) UNITED STATES EMPLOYEES AND CONTRACTORS.--

(A) With respect to any individual described in subparagraph (B), a Board may--

(i) administer oaths and affirmations;

(ii) require that depositions be given and interrogatories answered; and

(iii) require the attendance and presentation of testimony and evidence by such individual.

Failure of any such individual to comply with a request of the Board shall be grounds for disciplinary action by the head of the employing agency in which such individual is employed or serves, in the case of a contractor, debarment.

(B) The individuals referred to in subparagraph (A) are--

(i) employees as defined by section 2105 of title 5, United States Code (including members of the Foreign Service and employees of instrumentalities of the United States);

(ii) members of the uniformed services as defined by section 101(3) of title 37, United States Code; and

(iii) individuals employed by any person or entity under contract with agencies or instrumentalities of the United States Government to provide services, equipment, or personnel.

(2) INDIVIDUALS NOT EMPLOYEES OR CONTRACTORS OF THE UNITED STATES.--(A) With respect to any person not described in paragraph (1)(A), a Board may administer oaths and affirmations and require that depositions be

given and interrogatories answered.

(B)(i) The Board may issue or authorize the issuance of a subpoena for the attendance and testimony of any such person and the production of documentary or other evidence from any such person in such instances where the Board finds that such a subpoena is necessary in the interests of justice for the development of relevant evidence.

(ii) In the case of contumacy or refusal to obey a subpoena issued under this section, a court of the United States within the jurisdiction of which a person is directed to appear or produce information, or within the jurisdiction of which the person is found, resides, or transacts business, may upon application of the Attorney General, issue to such person an order requiring such person to appear before the Board to give testimony or produce information as required by the subpoena. Subpoenaed witnesses shall be paid the same fee and mileage allowances which are paid subpoenaed witnesses in the courts of the United States.

(b) CONFIDENTIALITY.--A Board shall adopt for administrative proceedings under this title such procedures with respect to confidentiality as may be deemed necessary, including procedures relating to the conduct of closed proceedings or the submission and use of evidence in camera, to ensure in particular the protection of classified information relating to national defense, foreign policy, or intelligence matters. The Director of Central Intelligence shall establish the level of protection required for intelligence information and for information relating to intelligence personnel, including standards for secure storage.

(c) RECORDS.--Records pertaining to administrative proceedings under this title shall be separated from all other records of the Department of State and shall be maintained under appropriate safeguards to preserve confidentiality and classification of information. Such records shall be prohibited from disclosure to the public until such time as a Board completes its work and is dismissed. The Department of State shall turn over to the Director of Central Intelligence intelligence information and information relating to intelligence personnel which shall then become records of the Central Intelligence Agency. After that time, only such exemptions as apply to other records of the Department of State under section 552(b) of title 5, United States Code, shall be available for the remaining records of the Board.

(d) STATUS OF BOARDS.--The provisions of the Federal Advisory Committee Act (5 U.S.C. App. 1 et seq.) and section 552b of title 5, United States Code, shall not apply to any

Accountability Review Board.

SEC. 304. FINDINGS AND RECOMMENDATIONS BY A BOARD.

(a) FINDINGS.--A Board convened in any case shall examine the facts and circumstances surrounding the serious injury, loss of life, or significant destruction of property at or related to a United States mission abroad and determine--

(1) the extent to which the incident or incidents with respect to which the Board was convened was security-related;

(2) whether the security systems and security procedures at that mission were adequate;

(3) whether the security systems and security procedures were properly implemented;

(4) the impact of intelligence and information availability; and

(5) such other facts and circumstances which may be relevant to the appropriate security management of United States missions abroad.

(b) PROGRAM RECOMMENDATIONS.--A Board shall submit its findings (which may be classified to the extent deemed necessary by the Board) to the Secretary of State, together with recommendations as appropriate to improve the security and efficiency of any program or operation which the Board has reviewed.

(c) PERSONNEL RECOMMENDATIONS.--Whenever a Board finds reasonable cause to believe that an individual described in section 303(a)(1)(B) has breached the duty of that individual, the Board shall transmit the finding of reasonable cause, together with such evidence and recommendation for disciplinary action, to the head of the appropriate agency or instrumentality. In determining whether an individual has breached a duty of that individual, the Board shall take into account any standard of conduct, law, rule, regulation, contract, or order which is pertinent to the performance of the duties of that individual.

(d) REPORTS.--

(1) PROGRAM RECOMMENDATIONS.--In any case in which a Board transmits recommendations to the Secretary of State under subsection (b), the Secretary shall, not later than 90 days after the receipt of such recommendations, submit a report to the Congress on each such recommendation and the action taken with respect to that recommendation.

(2) PERSONNEL RECOMMENDATIONS.--In any case in which a Board transmits a finding of reasonable cause under subsection (c), the head of the agency receiving the information shall review the evidence and recommendations and shall, not later than 30 days after the receipt of that finding, transmit to the Congress a report specifying--

(A) the nature of the case and a summary of the evidence transmitted by the Board; and

(B) the decision by the agency head to take disciplinary action against that individual or the reasons for deciding not to take disciplinary with respect to that individual.

SEC. 305. RELATION TO OTHER PROCEEDINGS.

Nothing in this title shall be construed to create administrative or judicial review remedies or rights of action not otherwise available by law, nor shall any provision of this title be construed to deprive any person of any right or legal defense which would otherwise be available to that person under any law, rule, or regulation.

TITLE IV--DIPLOMATIC CONSTRUCTION PROGRAM

SEC. 401. AUTHORIZATION.

(a) DIPLOMATIC CONSTRUCTION PROGRAM.--In addition to amounts otherwise available for such purposes, there are hereby authorized to be appropriated for fiscal years 1986 through 1990 under the heading ``Administration of Foreign Affairs´´ for ``Salaries and Expenses´´, ``Acquisition and Maintenance of Buildings Abroad´´, and ``Counter-terrorism Research and Development´´, such sums as may be necessary for diplomatic security construction, acquisition, and operations pursuant to the Department of State´s Supplemental Diplomatic Security Program, except that appropriations pursuant to this subsection for a fiscal year may not exceed the amounts specified for such program in the Department of State's Budget in Brief for fiscal year 1987.

(b) NOTIFICATION TO AUTHORIZING COMMITTEES OF REQUESTS FOR APPROPRIATIONS.--In any fiscal year, whenever the Secretary of State submits to the Congress a request for appropriations to carry out the program described in subsection (a), the Secretary shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate of such request, together with a justification of each item listed in such request.

(c) REPROGRAMMING TREATMENT.--Amounts made available for capital projects pursuant to the program described in subsection (a) shall be treated as a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706) and shall not be available for obligation or expenditure except in compliance with the procedures applicable to such reprogramming.

(d) PROHIBITION ON REALLOCATIONS OF AUTHORIZATIONS.--Section 24(d) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2692(d)) shall not apply with respect to any amounts authorized to be appropriated under this section.

(e) SECURITY REQUIREMENTS OF OTHER FOREIGN AFFAIRS AGENCIES.--Based solely on security requirements and within the total amount of funds available for security, the Secretary of State shall ensure that an equitable level of funding is provided for the security requirements of other foreign affairs agencies.

(f) INSUFFICIENCY OF FUNDS.--In the event that sufficient funds are not available in any fiscal year for all of the diplomatic security construction, acquisition, and operations pursuant to the Department of State's Supplemental Diplomatic Security Program, the Secretary of State shall report to the Congress the effect that the insufficiency of funds will have with respect to the Department of State and each of the other foreign affairs agencies.

SEC. 402. FOREIGN BUILDINGS PROGRAM.

(a) PREFERENCE FOR UNITED STATES CONTRACTORS.--Notwithstanding section 11 of the Foreign Service Buildings Act, 1926, and where adequate competition exists, only United States persons and qualified United States joint venture persons may bid on a diplomatic construction project, for which funds are authorized by this title, which has a contract value exceeding $5,000,000.

(b) EXCEPTION.--Subsection (a) shall not apply with respect to any project in a foreign country whose laws and policies the use of United States contractors on United States diplomatic construction projects.

(c) DEFINITIONS.--For the purposes of this section--

(1) the term ``adequate competiton'' means with respect to a construction project, the presence of two or more qualified bidders submitting responsive bids for that project;

(2) the term ``United States person'' means a person which--

(A) is incorporated or legally organized under the laws of the United States, including State, the District of Columbia, and local laws; and

(B) has its principal place of business in the United States; and

(C) has been incorporated or legally organized in the United States for more than 5 years before the issuance date of the invitation for bids or request for proposals with respect to a construction project; and

(D) has performed within the United States administrative and technical, professional, or construction services similar in complexity, type of construction, and value to the project being bid; and

(E) has achieved total business volume equal to or greater than the value of the project being bid in 3 years of the 5-year period before the date specified in subparagraph (C); and

(F) employs United States citizens in more than half of its permanent, full-time positions in the United States and will employ United States citizens in 80 percent of the supervisory positions on the foreign buildings office project site; and

(G) has the existing technical and financial resources in the United States to perform the contract; and

(3) the term ``qualified United States joint venture person'' means a joint venture in which a United States person or persons owns at least 51 percent of the assets of the joint venture.

SEC. 403. QUALIFICATIONS OF PERSONS HIRED FOR THE DIPLOMATIC CONSTRUCTION PROGRAM.

In carrying out the diplomatic construction program referred to in section 401(a), the Secretary of State may employ (by appointment, contract, or otherwise) only those persons as professional staff with a demonstrated specialized background in the fields of construction, construction law, or contract management.

SEC. 404. COST OVERRUNS.

Any amount required to complete any capital project described in the Department of State's Supplemental Diplomatic Security Program which is in excess of the amount made available for that project shall be treated as a reporgramming of funds under section 34 of the State

Department Basic Authorities Act of 1956 (22 U.S.C. 2706) and shall not be available for obligation or expenditure except in compliance with the procedures applicable to such reprogramming.

SEC. 405. EFFICIENCY IN CONTRACTING.

The Director of the Office of Foreign Buildings shall provide for a contract system for bonuses and penalties. Not later than 3 months after the date of enactment of this Act, the Director shall submit a report to the Congress on the implementation of this subsection.

SEC. 406. ADVISORY PANEL ON OVERSEAS SECURITY.

Not later than 90 days after enactment of this Act, the Secretary of State shall submit a report to the Congress on the implementation of the 91 recommendations contained in the final report of the Advisory Panel on Overseas Security. If any such recommendation has been rejected, the Secretary shall provide the reasons why that recommendation was rejected.

APPENDIX 5

OATA86

[March 5, 1986]

MICA/FASCELL AMENDMENT TO H.R. 4151

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ``Omnibus Diplomatic Security and Anti-Terrorism Act of 1986''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I--DIPLOMATIC SECURITY

Sec. 101. Short title.
Sec. 102. Findings and Purposes.
Sec. 103. Responsibility of the Secretary of State.
Sec. 104. Bureau of Diplomatic Security.
Sec. 105. Responsibilities of the Assistant Secretary for Diplomatic Security.
Sec. 106. Cooperation of other agencies.
Sec. 107. Protection of foreign consulates.

TITLE II--DIPLOMATIC SECURITY SERVICE

Sec. 201. Establishment of Diplomatic Security Service.
Sec. 202. Director of Diplomatic Security Service.
Sec. 203. Positions in the Diplomatic Security Service.

TITLE III--PERFORMANCE AND ACCOUNTABILITY

Sec. 301. Accountability review.
Sec. 302. Accountability Review Board.
Sec. 303. Procedures.
Sec. 304. Findings and Recommendations by a Board.
Sec. 305. Relation to other proceedings.

TITLE IV--DIPLOMATIC CONSTRUCTION PROGRAM

Sec. 401. Authorization.
Sec. 402. Foreign buildings program.
Sec. 403. Qualifications of persons hired for the diplomatic construction program.
Sec. 404. Cost overruns.
Sec. 405. Efficiency in contracting.
Sec. 406. Advisory Panel on Overseas Security.
Sec. 407. Training to improve perimeter security at United States missions abroad.
Sec. 408. Protection of entrance of United States diplomatic missions abroad.
Sec. 409. Certain protective functions.

TITLE V--STATE DEPARTMENT AUTHORITIES TO COMBAT INTERNATIONAL TERRORISM

Sec. 501. Most wanted international terrorists list.
Sec. 502. Amount of rewards for information about international terrorists.
Sec. 503. Rewards for information relating to international narcoterrorism and drug trafficking.
Sec. 504. Coordination of terrorism-related assistance.
Sec. 505. Counter-terrorism Protection Fund.
Sec. 506. Reports to Congress on terrorism-related travel advisories.
Sec. 507. Issuance of travel advisories on account of terrorism supported by Libya, Iran, or other foreign governments.
Sec. 508. Authority to control certain terrorism-related services.
Sec. 509. Protection of Americans endangered by the appearance of their place of birth on their passports.

TITLE VI--INTERNATIONAL NUCLEAR TERRORISM

Sec. 601. Actions to combat international terrorism.
Sec. 602. Authority to suspend nuclear cooperation with nations which have not ratified the Convention on the Physical Protection of Nuclear Material.
Sec. 603. Consultation with the Department of Defense concerning certain nuclear exports and subsequent arrangements.
Sec. 604. Review of physical security standards.
Sec. 605. International review of the nuclear terrorism problems.

TITLE VII--MULTILATERAL COOPERATION TO COMBAT INTERNATIONAL TERRORISM

Sec. 701. Consideration of international terrorism at the Tokyo Economic Summit Conference.
Sec. 702. International Anti-Terrorism Committee.
Sec. 703. International arrangements relating to passports and visas.
Sec. 704. Protection of Americans endangered by the appearance of their place of birth on their passports.
Sec. 705. Use of diplomatic privileges and immunities for terrorism purposes.
Sec. 706. Reports on progress in increasing multilateral cooperation.

TITLE VIII--VICTIMS OF TERRORISM COMPENSATION

Sec. 801. Short title.
Sec. 802. Benefits for captives and other victims of hostile action.
Sec. 803. Retention of leave by alien employees following injury from hostile action abroad.
Sec. 804. Transition provisions.
Sec. 805. Benefits for members of uniformed services who are victims of hostile action.
Sec. 806. Effective date of entitlements.

TITLE IX--MARITIME SECURITY

Sec. 901. Short title.
Sec. 902. International measures for seaport and shipboard security.
Sec. 903. Measures to prevent unlawful acts against passengers and crews on board ships.
Sec. 904. Criminal sanctions for the seizure of vessels by terrorists.
Sec. 905. Panama Canal security.
Sec. 906. Threat of terrorism to United States ports and vessels.
Sec. 907. Suspension of passenger services.
Sec. 908. Security standards in foreign water transportation.
Sec. 909. Travel advisory and suspension of foreign assistance.
Sec. 910. Definitions.

TITLE I--DIPLOMATIC SECURITY

SEC. 101. SHORT TITLE.

Titles I through IV of this Act may be cited as the

``Diplomatic Security Act´´.

SEC. 102. FINDINGS AND PURPOSE.

(a) FINDINGS.--The Congress finds and declares that--

(1) the United States has a crucial stake in the presence of United States Government employees representing United States interests abroad;

(2) conditions confronting United States Government employees and missions abroad are fraught with security concerns which will continue for the foreseeable future; and

(3) the resources now available to counter acts of terrorism and protect and secure United States Government employees and missions abroad, as well as foreign officials and missions in the United States, are inadequate to meet the mounting threat to such personnel and facilities.

(b) PURPOSES.--The purposes of titles I through IV are--

(1) to set forth the responsibility of the Secretary of State with respect to the security of diplomatic operations in the United States and abroad;

(2) to provide for an Assistant Secretary of State to head the Bureau of Diplomatic Security of the Department of State, and to set forth certain provisions relating to the Diplomatic Security Service of the Department of State;

(3) to maximize coordination by the Department of State with Federal, State, and local agencies and agencies of foreign governments in order to enhance security programs;

(4) to promote strengthened security measures and to provide for the accountability of United States Government employees with security-related responsibilities; and

(5) to provide authorization of appropriations for the Department of State to carry out its responsibilities in the area of security and counter-terrorism, and in particular to finance the acquisition and improvements of United States Government missions abroad, including real property, buildings, facilities, and communications, information and security systems.

SEC. 103. RESPONSIBILITY OF THE SECRETARY OF STATE.

(a) SECURITY FUNCTIONS.--The Secretary of State shall develop and implement (in consultation with other agencies having personnel or missions abroad where appropriate and within the scope of the resources made available) policies and programs, including funding levels and standards, to provide for the security of United States Government operations of a diplomatic nature and foreign government operations of a diplomatic nature in the United States. Such policies and programs shall include--

(1) protection of all United States Government employees on official duty abroad (other than those employees under the command of a United States area military commander) and their accompanying dependents;

(2) establishment and operation of security functions at all United States Government missions abroad (other than facilities or installations subject to the control of a United States area military commander);

(3) establishment and operation of security functions at all Department of State facilities in the United States; and

(4) protection of foreign missions, international organizations, and foreign officials and other foreign persons in the United States, as authorized by law.

(b) OVERSIGHT OF OVERSEAS POSTS.--The Secretary of State shall--

(1) have full responsibility for the coordination of all United States Government employees assigned to diplomatic or consular posts or other United States missions abroad pursuant to United States Government authorization (except for facilities, installations, or employees under the command of a United States area military commander); and

(2) establish appropriate overseas staffing levels for all such posts or missions for all departments and

agencies with activities abroad (except for persons and activities under the command of a United States area military commander).

SEC. 104. BUREAU OF DIPLOMATIC SECURITY.

(a) THE BUREAU.--There shall be a Bureau of Diplomatic Security in the Department of State, to be headed by the Assistant Secretary for Diplomatic Security. The Assistant Secretary shall be responsible for carrying out the functions and duties set forth in section 105 and such additional functions as may be directed by the Secretary of State.

(b) NUMBER OF ASSISTANT SECRETARIES.--The first section of the Act entitled ``An Act to strengthen and improve the organization and administration of the Department of State, and for other purposes,'' approved May 26, 1949 (22 U.S.C. 2652), is amended by striking out ``fourteen'' and inserting in lieu thereof ``fifteen''.

(c) POSITIONS AT LEVEL IV OF THE EXECUTIVE SCHEDULE.--Section 5315 of title 5, United States Code, is amended by striking out ``(14)'' following ``Assistant Secretaries of State'' and inserting in lieu thereof ``(15)''.

(d) EFFECTIVE DATE.--The amendment made by subsection (c) shall take effect on October 1, 1986.

SEC. 105. RESPONSIBILITIES OF THE ASSISTANT SECRETARY FOR DIPLOMATIC SECURITY.

The Assistant Secretary for Diplomatic Security shall be responsible for the following:

(1) FORMER OFFICE OF SECURITY FUNCTIONS.--Functions and responsibilities exercised by the Office of Security, Department of State before November 11, 1985.

(2) OVERSEAS SECURITY AND PROTECTIVE OPERATIONS.--

(A) Establishment and operation of overseas post security and protective functions.

(B) Establishment and operation of communications, computer, and information security.

(C) Emergency planning.

(D) Establishment and operation of local guard services.

(E) Supervision of the United States Marine Corps security guard program.

(F) Liaison with American overseas private sector security interests.

(3) SECURITY AND PROTECTIVE OPERATIONS IN THE UNITED STATES.--

(A) Protection of foreign missions and international organizations, foreign officials, and diplomatic personnel, as authorized by law.

(B) Protection of the Secretary of State and other persons designated by the Secretary of State, as authorized by law.

(C) Protection of Department of State facilities, communications, and computer and information systems.

(D) Conduct of investigations relating to protection of foreign officials and foreign missions, suitability for employment, employee security, illegal passport and visa issuance or use, and any other investigation authorized by law.

(E) Assisting an Inspector General of the Department of State with such investigations as that Inspector General may request.

(F) Carrying out rewards programs for information concerning terrorism, as authorized by law.

(G) Performance of other security and protective matters as authorized by law.

(4) COUNTER-TERRORISM PLANNING AND COORDINATION.--With respect to programs of the Department of State, development and coordination of counter-terrorism planning, emergency action planning, threat analysis programs, and liaison with other United States agencies to carry out this paragraph.

(5) SECURITY TECHNOLOGY.--Development, procurement, and implementation of technical security measures, including security-related construction, radio and personnel security communications, armored vehicles, computer and communications security, and research

programs necessary to develop such measures.

(6) DIPLOMATIC COURIER SERVICE.--Management of the transfer of classified and unclassified physical information, diplomatic pouch contents, and related services.

(7) PERSONNEL TRAINING.--Development of facilities, methods, and materials to develop and upgrade necessary skills in order to carry out this section.

(8) FOREIGN GOVERNMENT TRAINING.--Management and development of programs to assist foreign government security training which are administered by the Department of State under chapter 8 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2349aa et seq.) (relating to anti-terrorism assistance).

SEC. 106. COOPERATION OF OTHER AGENCIES.

(a) ASSISTANCE.--In order to facilitate fulfillment of the responsibilities described in section 103(a), other Federal agencies shall cooperate (through agreements) to the maximum extent possible with the Secretary of State. Such agencies may, with or without reimbursement, provide assistance to the Secretary, perform security inspections, provide logistical support relating to the differing missions and facilities of other agencies, and perform other overseas security functions as may be authorized by the Secretary. Specifically, the Secretary may agree to delegate operational control of overseas security functions of other Federal agencies to the heads of such agencies, subject to the Secretary's authority as set forth in section 103(a). The agency head receiving such delegated authority shall be responsible to the Secretary in the exercise of the delegated operational control.

(b) OTHER AGENCIES.--Nothing contained in titles I through IV shall be construed to limit or impair the authority or responsibility of any other Federal, State, or local agency with respect to law enforcement or domestic security operations.

(c) CERTAIN LEASE ARRANGEMENTS.--The Administrator of General Services is authorized to lease (to such extent or in such amounts as are provided in appropriation Acts) up to 250,000 square feet in the United States for the Department of State to accommodate the personnel required to carry out the purposes of this title. The Department of State shall pay for such space at the rate established by the Administrator of General Services for space and related services.

SEC. 107. PROTECTION OF FOREIGN CONSULATES.

Not later than 2 months after the date of enactment of this Act, the Secretary of State shall establish a process for periodic review of the accreditation in the United States of all foreign consular personnel, including honorary consuls, and the number and location of all consular facilities. The Secretary shall submit a report on this process to the Committee on Foreign Affairs of the House of Repesentatives and the Committee on Foreign Relations of the Senate not later than 6 months after the date of the enactment of this Act. Such report shall describe this periodic review process and present a plan for the reduction (as well as consolidation) of consular and related functions.

TITLE II--DIPLOMATIC SECURITY SERVICE

SEC. 201. ESTABLISHMENT OF DIPLOMATIC SECURITY SERVICE.

There shall be, within the Bureau of Diplomatic Security, the Diplomatic Security Service. The Diplomatic Security Service shall perform such functions as may be assigned to it by the Secretary of State.

SEC. 202. DIRECTOR OF DIPLOMATIC SECURITY SERVICE.

The Diplomatic Security Service shall be headed by a Director designated by the Secretary of State. The Director shall be a career member of the Senior Foreign Service or the Senior Executive Service and shall be qualified for the position by virtue of demonstrated ability in the area of security, law enforcement, management, or public administration. Experience in management or operations at overseas diplomatic posts shall be considered an affirmative factor in the selection of the Director. The Director shall act under the supervision and direction of the Assistant Secretary for Diplomatic Security.

SEC. 203. POSITIONS IN THE DIPLOMATIC SECURITY SERVICE.

Positions in the Diplomatic Security Service shall be filled in accordance with the provisions of the Foreign Service Act of 1980 (22 U.S.C. 3901 et seq.) and title 5, United States Code. The Secretary of State shall prescribe the qualifications required for assignment or appointment to such positions. In the case of positions designated for special agents, the qualifications may include minimum and maximum entry age restrictions and other physical standards and shall incorporate such standards as may be required by law in order to perform security functions, to bear arms, and to exercise investigatory, warrant, arrest, and such other authorities as are available by law to special agents of the Department of State and the Foreign Service.

TITLE III--PERFORMANCE AND ACCOUNTABILITY

SEC. 301. ACCOUNTABILITY REVIEW.

In any case of serious injury, loss of life, or significant destruction of property at or related to a United States Government mission abroad which is covered by the provisions of titles I through IV (other than a facility or installation subject to the control of a United States area military commander), the Secretary of State shall convene an Accountability Review Board (hereafter in this title referred to as the ``Board''). The Secretary shall not convene a Board where the Secretary determines that a case clearly involves only causes unrelated to security.

SEC. 302. ACCOUNTABILITY REVIEW BOARD.

(a) MEMBERSHIP.--A Board shall consist of five members, 4 appointed by the Secretary of State, and 1 appointed by the Director of Central Intelligence. The Secretary of State shall designate the Chairperson of the Board. Members of the Board who are not Federal officers or employees shall each be paid at a rate not to exceed the maximum rate of basic pay payable for level GS-18 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Board. Members of the Board who are not Federal officers or employees shall receive no additional pay by reason of such membership.

(b) FACILITIES, SERVICES, SUPPLIES, AND STAFF.--

(1) SUPPLIED BY DEPARTMENT OF STATE.--A Board shall obtain facilities, services, and supplies through the Department of State. All expenses of the Board, including necessary costs of travel, shall be paid by the Department of State. Travel expenses authorized under this paragraph shall be paid in accordance with subchapter I of chapter 57 of title 5, United States Code, or other applicable law.

(2) DETAIL.--At the request of a Board, employees of the Department of State or other Federal agencies, members of the Foreign Service or members of the Armed

Forces may be temporarily assigned, with or without reimbursement, to assist the Board. Upon request, the Inspector General of the Department of State and the Foreign Service may provide assistance to the Board.

(3) EXPERTS AND CONSULTANTS.--A Board may employ and compensate experts and consultants in accordance with section 3109 of title 5, United States Code, who shall be responsible solely to the Board, as the Board considers necessary to carry out its functions.

SEC. 303. PROCEDURES.

(a) EVIDENCE.--

(1) UNITED STATES EMPLOYEES AND CONTRACTORS.--

(A) With respect to any individual described in subparagraph (B), a Board may--

(i) administer oaths and affirmations;

(ii) require that depositions be given and interrogatories answered; and

(iii) require the attendance and presentation of testimony and evidence by such individual.

Failure of any such individual to comply with a request of the Board shall be grounds for disciplinary action by the head of the employing agency in which such individual is employed or serves, in the case of a contractor, debarment.

(B) The individuals referred to in subparagraph

(A) are--

(i) employees as defined by section 2105 of title 5, United States Code (including members of the Foreign Service and employees of instrumentalities of the United States);

(ii) members of the uniformed services as defined by section 101(3) of title 37, United States Code; and

(iii) individuals employed by any person or entity under contract with agencies or instrumentalities of the United States Government to provide services, equipment, or personnel.

(2) INDIVIDUALS NOT EMPLOYEES OR CONTRACTORS OF THE UNITED STATES.--(A) With respect to any person not described in paragraph (1)(A), a Board may administer oaths and affirmations and require that depositions be given and interrogatories answered.

(B)(i) The Board may issue or authorize the issuance of a subpoena for the attendance and testimony of any such person and the production of documentary or other evidence from any such person in such instances where the Board finds that such a subpoena is necessary in the interests of justice for the development of relevant evidence.

(ii) In the case of contumacy or refusal to obey a subpoena issued under this section, a court of the United States within the jurisdiction of which a person is directed to appear or produce information, or within the jurisdiction of which the person is found, resides, or transacts business, may upon application of the Attorney General, issue to such person an order requiring such person to appear before the Board to give testimony or produce information as required by the subpoena. Subpoenaed witnesses shall be paid the same fee and mileage allowances which are paid subpoenaed witnesses in the courts of the United States.

(b) CONFIDENTIALITY.--A Board shall adopt for administrative proceedings under this title such procedures with respect to confidentiality as may be deemed necessary, including procedures relating to the conduct of closed proceedings or the submission and use of evidence in camera, to ensure in particular the protection of classified information relating to national defense, foreign policy, or intelligence matters. The Director of Central Intelligence shall establish the level of protection required for intelligence information and for information relating to intelligence personnel, including standards for secure storage.

(c) RECORDS.--Records pertaining to administrative proceedings under this title shall be separated from all other records of the Department of State and shall be maintained under appropriate safeguards to preserve confidentiality and classification of information. Such records shall be prohibited from disclosure to the public until such time as a Board completes its work and is dismissed. The Department of State shall turn over to the Director of Central Intelligence intelligence information and information relating to intelligence personnel which shall then become records of the Central Intelligence Agency. After that time, only such exemptions as apply to other records of the Department of State under section 552(b) of title 5, United States Code, shall be available for the remaining records of the Board.

(d) STATUS OF BOARDS.--The provisions of the Federal Advisory Committee Act (5 U.S.C. App. 1 et seq.) and section 552b of title 5, United States Code, shall not apply to any Accountability Review Board.

SEC. 304. FINDINGS AND RECOMMENDATIONS BY A BOARD.

(a) FINDINGS.--A Board convened in any case shall examine the facts and circumstances surrounding the serious injury, loss of life, or significant destruction of property at or related to a United States mission abroad and determine--

(1) the extent to which the incident or incidents with respect to which the Board was convened was security-related;

(2) whether the security systems and security procedures at that mission were adequate;

(3) whether the security systems and security procedures were properly implemented;

(4) the impact of intelligence and information availability; and

(5) such other facts and circumstances which may be relevant to the appropriate security management of United States missions abroad.

(b) PROGRAM RECOMMENDATIONS.--A Board shall submit its findings (which may be classified to the extent deemed necessary by the Board) to the Secretary of State, together with recommendations as appropriate to improve the security and efficiency of any program or operation which the Board has reviewed.

(c) PERSONNEL RECOMMENDATIONS.--Whenever a Board finds reasonable cause to believe that an individual described in section 303(a)(1)(B) has breached the duty of that individual, the Board shall transmit the finding of reasonable cause, together with such evidence and recommendation for disciplinary action, to the head of the appropriate agency or instrumentality. In determining whether an individual has breached a duty of that individual, the Board shall take into account any standard of conduct, law, rule, regulation, contract, or order which is pertinent to the performance of the duties of that individual.

(d) REPORTS.--

(1) PROGRAM RECOMMENDATIONS.--In any case in which a Board transmits recommendations to the Secretary of State under subsection (b), the Secretary shall, not later than 90 days after the receipt of such recommendations, submit a report to the Congress on each such recommendation and the action taken with respect to that recommendation.

(2) PERSONNEL RECOMMENDATIONS.--In any case in which a Board transmits a finding of reasonable cause under subsection (c), the head of the agency receiving the information shall review the evidence and recommendations and shall, not later than 30 days after the receipt of that finding, transmit to the Congress a report specifying--

(A) the nature of the case and a summary of the evidence transmitted by the Board; and

(B) the decision by the agency head to take disciplinary action against that individual or the reasons for deciding not to take disciplinary with respect to that individual.

SEC. 305. RELATION TO OTHER PROCEEDINGS.

Nothing in this title shall be construed to create administrative or judicial review remedies or rights of action not otherwise available by law, nor shall any provision of this title be construed to deprive any person of any right or legal defense which would otherwise be available to that person under any law, rule, or regulation.

TITLE IV--DIPLOMATIC CONSTRUCTION PROGRAM

SEC. 401. AUTHORIZATION.

(a) DIPLOMATIC CONSTRUCTION PROGRAM.--In addition to amounts otherwise available for such purposes, there are hereby authorized to be appropriated for fiscal years 1986 through 1990 under the heading ``Administration of Foreign Affairs´´ for ``Salaries and Expenses´´, ``Acquisition and Maintenance of Buildings Abroad´´, and ``Counter-terrorism Research and Development´´, such sums as may be necessary for diplomatic security construction, acquisition, and operations pursuant to the Department of State´s Supplemental Diplomatic Security Program, except that appropriations pursuant to this subsection for a fiscal year may not exceed the amounts specified for such program in the Department of State´s Budget in Brief for fiscal year 1987.

(b) NOTIFICATION TO AUTHORIZING COMMITTEES OF REQUESTS FOR APPROPRIATIONS.--In any fiscal year, whenever the Secretary of State submits to the Congress a request for appropriations to carry out the program described in subsection (a), the Secretary shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate of such request, together with a justification of each item listed in such request.

(c) REPROGRAMMING TREATMENT.--Amounts made available for capital projects pursuant to the program described in subsection (a) shall be treated as a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706) and shall not be available for obligation or expenditure except in compliance with the procedures applicable to such reprogramming.

(d) PROHIBITION ON REALLOCATIONS OF AUTHORIZATIONS.--Section 24(d) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2692(d)) shall not apply with respect to any amounts authorized to be appropriated under this section.

(e) SECURITY REQUIREMENTS OF OTHER FOREIGN AFFAIRS AGENCIES.--Based solely on security requirements and within the total amount of funds available for security, the Secretary of State shall ensure that an equitable level of funding is provided for the security requirements of other foreign affairs agencies.

(f) INSUFFICIENCY OF FUNDS.--In the event that sufficient funds are not available in any fiscal year for all of the diplomatic security construction, acquisition, and operations pursuant to the Department of State's Supplemental Diplomatic Security Program, the Secretary of State shall report to the

Congress the effect that the insufficiency of funds will have with respect to the Department of State and each of the other foreign affairs agencies.

SEC. 402. FOREIGN BUILDINGS PROGRAM.

(a) PREFERENCE FOR UNITED STATES CONTRACTORS.--Notwithstanding section 11 of the Foreign Service Buildings Act, 1926, and where adequate competition exists, only United States persons and qualified United States joint venture persons may bid on a diplomatic construction project, for which funds are authorized by this title, which has a contract value exceeding $5,000,000.

(b) EXCEPTION.--Subsection (a) shall not apply with respect to any project in a foreign country whose laws and policies prohibit the use of United States contractors on United States diplomatic construction projects.

(c) DEFINITIONS.--For the purposes of this section--

(1) the term ``adequate competitor'' means with respect to a construction project, the presence of two or more qualified bidders submitting responsive bids for that project;

(2) the term ``United States person'' means a person which--

(A) is incorporated or legally organized under the laws of the United States, including State, the District of Columbia, and local laws; and

(B) has its principal place of business in the United States; and

(C) has been incorporated or legally organized in the United States for more than 5 years before the issuance date of the invitation for bids or request for proposals with respect to a construction project; and

(D) has performed within the United States administrative and technical, professional, or construction services similar in complexity, type of construction, and value to the project being bid; and

(E) has achieved total business volume equal to or greater than the value of the project being bid in 3 years of the 5-year period before the date specified in subparagraph (C); and

(F) employs United States citizens in more than half of its permanent, full-time positions in the United States and will employ United States citizens in 80 percent of the supervisory positions on the foreign buildings office project site; and

(G) has the existing technical and financial resources in the United States to perform the contract; and

(3) the term ``qualified United States joint venture person'' means a joint venture in which a United States

person or persons owns at least 51 percent of the assets of the joint venture.

SEC. 403. QUALIFICATIONS OF PERSONS HIRED FOR THE DIPLOMATIC CONSTRUCTION PROGRAM.

In carrying out the diplomatic construction program referred to in section 401(a), the Secretary of State may employ (by appointment, contract, or otherwise) only those persons as professional staff with a demonstrated specialized background in the fields of construction, construction law, or contract management.

SEC. 404. COST OVERRUNS.

Any amount required to complete any capital project described in the Department of State's Supplemental Diplomatic Security Program which is in excess of the amount made available for that project shall be treated as a reprogramming of funds under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706) and shall not be available for obligation or expenditure except in compliance with the procedures applicable to such reprogramming.

SEC. 405. EFFICIENCY IN CONTRACTING.

The Director of the Office of Foreign Buildings shall provide for a contract system for bonuses and penalties. Not later than 3 months after the date of enactment of this Act, the Director shall submit a report to the Congress on the implementation of this subsection.

SEC. 406. ADVISORY PANEL ON OVERSEAS SECURITY.

Not later than 90 days after the date of enactment of this Act, the Secretary of State shall submit a report to the Congress on the implementation of the 91 recommendations contained in the final report of the Advisory Panel on Overseas Security. If any such recommendation has been rejected, the Secretary shall provide the reasons why that recommendation was rejected.

SEC. 407. TRAINING TO IMPROVE PERIMETER SECURITY AT UNITED STATES MISSIONS ABROAD.

(a) TRAINING.--It is the sense of Congress that the President should use the authority under chapter 8 of title II of the Foreign Assistance Act of 1961 (relating to anti-terrorism assistance) to improve perimeter security of United States diplomatic missions abroad.

(b) REPORT.--Not later than October 1, of each year, the President shall submit a report to the Congress on the progress and problems of improving perimeter security of United States diplomatic missions abroad.

SEC. 408. PROTECTION OF ENTRANCE OF UNITED STATES DIPLOMATIC MISSIONS ABROAD.

The Secretary of State shall install and maintain a walk through metal detector or more advanced screening system at the main entrance of each United States diplomatic mission abroad.

SEC. 409. CERTAIN PROTECTIVE FUNCTIONS.

Section 208(a) of title 3, United States Code, is amended by adding at the end thereof the following: ``In carrying out any duty under section 202(7), the Secretary of State is authorized to utilize any authority available to the Secretary under title II of the State Department Basic Authorities Act of 1956.''.

TITLE V--STATE DEPARTMENT AUTHORITIES TO COMBAT INTERNATIONAL TERRORISM

SEC. 501. MOST WANTED INTERNATIONAL TERRORISTS LIST.

(a) MAINTENANCE AND PUBLICATION.--The Secretary of State shall maintain and publicize a most wanted international terrorists list.

(b) SELECTION.--The most wanted international terrorists list shall contain the names of those individuals--

(1) with respect to whom rewards could be offered under section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708); and

(2) who are sought for prosecution by the United States for acts of international terrorism; and

(3) whose inclusion on the list would be useful in enhancing efforts to apprehend and effectively prosecute them.

The Secretary of State shall make the determinations required by this section, in consultation with the Attorney General.

SEC. 502. AMOUNT OF REWARDS FOR INFORMATION ABOUT MOST WANTED INTERNATIONAL TERRORISTS.

Section 36(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708(b)) is amended by inserting immediately before the period at the end of the first sentence the following: ``, except that a reward of up to $1,000,000 may be paid with respect to each individual on the most wanted international terrorists list established pursuant to section 501 of the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986, each individual sought for an act of international terrorism resulting in the death of a citizen or national of the United States, and each individual sought for an act of international terrorism involving the detention of a citizen or national of the United States for a period longer than 60 days''.

SEC. 503. REWARDS FOR INFORMATION RELATING TO INTERNATIONAL NARCOTERRORISM AND DRUG TRAFFICKING.

(a) AUTHORITY OF THE SECRETARY OF STATE.--Section 36(a) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2708(a)) is amended to read as follows:

``(a) The Secretary of State may pay a reward to any individual who furnishes the following information:

``(1) INTERNATIONAL TERRORISM.--Information leading to--

``(A) the arrest or conviction in any country of any individual for committing, or for conspiring or attempting to commit, an act of international terrorism; or

``(B) the prevention, frustration, or favorable resolution of an act of international terrorism;

if the act of international terrorism is against a United States person or United States property and is primarily outside the territorial jurisdiction of the United States.

``(2) INTERNATIONAL NARCOTERRORISM AND DRUG TRAFFICKING.--Information leading to--

``(A) the arrest or conviction in any country of any individual for committing primarily outside the territorial jurisdiction of the United States, or for conspiring or attempting to commit primarily outside the territorial jurisdiction of the United States, a narcotics-related offense, if that offense involves or is a significant part of conduct that involves--

``(i) a violation of United States drug laws which occurs primarily outside the territorial jurisdiction of the United States and which is such that the individual is a class I violator under the Domestic Drug Violator Classification Standards and Criteria established by the Drug

Enforcement Administration; or

``(ii) the killing or kidnapping outside the territorial jurisdiction of the United States of--

``(I) any officer, employee, or contract employee of the United States Government while that individual is engaged in official duties, or on account of that individual's official duties, in connection with the enforcement of United States drug laws or the implementation of United States drug control objectives, or

``(II) a member of the immediate family of any such individual on account of that individual's duties in connection with the enforcement of United States drug laws or the implementation of United States drug control objectives; or

``(B) the prevention or frustration of an act described in subparagraph (A).''.

(b) CONSULTATION WITH THE ATTORNEY GENERAL.--Section 36(c) of such Act is amended to read as follows:

``(c) The Secretary of State shall advise and consult with the Attorney General before paying any reward under this section--

``(1) in a matter over which there is Federal criminal jurisdiction; or

``(2) for any information described in subsection (a)(2).''.

(c) FUNDING FOR REWARDS.--Section 36(f) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof the following: ``, up to $2,000,000 of which may be used for rewards for information described in subsection (a)(2). In addition to the amount authorized by the preceding sentence, there are authorized to be appropriated $10.000,000 for fiscal year 1987 for use in paying rewards under this section, up to $5,000,000 of which may be used for rewards for information described in subsection (a)(2).''.

(d) REPORTS ON REWARDS; DEFINITIONS.--Section 36 of such Act is amended by adding at the end thereof the following new subsections:

``(g) Not later than 30 days after paying any reward under this section, the Secretary of State shall submit a report to the Congress with respect to that reward. The report, which may be submitted on a classified basis if necessary, shall specify the amount of the reward paid, to whom the reward was paid, and the acts with respect to which the reward was paid, and shall discuss the significance of the information for which the reward was paid in dealing with those acts.

``(h) As used in this section--

``(1) the term `United States drug laws' means the laws of the United States for the prevention and control of illicit traffic in controlled substances (as such term is defined for purposes of the Controlled Substances Act); and

``(2) the term `member of the immediate family' includes--

``(A) a spouse, parent, brother, sister, or child of the individual;

``(B) a person to whom the individual stands in loco parentis; and

``(C) any other person living in the individual's household and related to the individual by blood or marriage.''.

SEC. 504. COORDINATION OF TERRORISM-RELATED ASSISTANCE.

Section 502 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-7) is amended--

(1) in the section heading by striking out ``ANTI-TERRORISM'' and inserting in lieu thereof ``TERRORISM-RELATED'';

(2) in subsection (a) by striking out ``anti-terrorism assistance to foreign countries provided by the United States Government'' and inserting in lieu

thereof ``assistance related to international terrorism which is provided by the United States Government to foreign countries''; and

(3) in subsection (b) by striking out ``anti-terrorism assistance'' and inserting in lieu thereof ``assistance related to international terrorism which was''.

SEC. 505. COUNTERTERRORISM PROTECTION FUND.

The State Department Basic Authorities Act of 1956 is amended--

(1) by redesignating section 39 as section 40; and

(2) by inserting after section 38 (22 U.S.C. 2710) the following new section:

``SEC. 39. COUNTERTERRORISM PROTECTION FUND.

``(a) AUTHORITY.--The Secretary of State is authorized to reimburse domestic and foreign persons, agencies, or governments for the protection of judges or other persons who provide assistance or information relating to terrorist incidents primarily outside the territorial jurisdiction of the United States. Before making a payment under this section in a matter over which there is Federal criminal jurisdiction, the Secretary shall advise and consult with the Attorney General.

``(b) AUTHORIZATION OF APPROPRIATIONS.--There are authorized to be appropriated to the Secretary of State for

``Administration of Foreign Affairs'' $1,000,000 for fiscal year 1986 and $1,000,000 for fiscal year 1987 for use in reimbursing persons, agencies, or governments under this section. Amounts appropriated under this section are authorized to remain available until expended.

``(c) DESIGNATION OF FUND.--Amounts made available under this section may be referred to as the `Counterterrorism Protection Fund'.''.

SEC. 506. REPORTS TO CONGRESS ON TERRORISM-RELATED TRAVEL ADVISORIES.

The Secretary of State shall report promptly to the Congress whenever the Department of State issues a travel advisory, or other public warning notice for United States citizens traveling abroad, because of a terrorist threat or other security concern.

SEC. 507. ISSUANCE OF TRAVEL ADVISORIES ON ACCOUNT OF TERRORISM SUPPORTED BY LIBYA, IRAN, OR OTHER FOREIGN GOVERNMENTS.

It is the sense of the Congress that the Secretary of State should consider the issuance of a travel advisory, or other appropriate notice, warning United States citizens of the dangers of traveling in any foreign country in which United States citizens--

(1) are attacked by terrorists supported by Libya or Iran if the government of that country fails to act

immediately to require the closing of any Libyan official missions in that country or any Iranian official missions in that country, as the case may be; or

(2) are attacked by terrorists supported by any other foreign government which used its official missions to support that attack, if that foreign government is not immmediately required to close all of its official missions in the country in which the attack occurred.

SEC. 508. AUTHORITY TO CONTROL CERTAIN TERRORISM-RELATED SERVICES.

The State Department Basic Authorities Act of 1956 is amended--

(1) by redesignating section 40 (as so redesignated by section 505 of this Act) as section 41; and

(2) by inserting after section 39 (as added by section 505 of this Act) the following new section:

``SEC. 40. AUTHORITY TO CONTROL CERTAIN TERRORISM-RELATED SERVICES.

``(a) AUTHORITY.--The Secretary of State may, by regulation, impose controls on the provision of the services described in subsection (b) if the Secretary determines that the imposition of those controls would discourage support for international terrorism.

``(b) SERVICES SUBJECT TO CONTROL.--The services subject to control under subsection (a) are the following:

``(1) Serving in or with the security forces of a designated foreign government.

``(2) Providing training or other technical services having a direct military, law enforcement, or intelligence application, to or for the security forces of a designated foreign government.

Any regulations issued to impose controls on services described in paragraph (2) shall list the specific types of training and other services subject to the controls.

``(c) PERSONS SUBJECT OF CONTROLS.--These services may be controlled under subsection (a) when they are provided within the United States by any individual or entity and when they are provided anywhere in the world by a United States person.

``(d) LICENSES.--In carrying out subsection (a), the President is authorized to require licenses, which may be revoked, suspended, or amended, without prior notice, whenever such action is deemed to be advisable.

``(e) DEFINITIONS.--

``(1) DESIGNATED FOREIGN GOVERNMENT.--As used in this section, the term `designated foreign government' means a foreign government that the Secretary of State has determined, for purposes of section 6(j) of the Export Administration Act of 1979, has repeatedly provided support for acts of international terrorism.

``(2) SECURITY FORCES.--As used in this section, the term `security forces' means any military or paramilitary forces, any police or other law enforcement agency, and any intelligence agency of a foreign government.

``(3) UNITED STATES.--As used in this section, the term `United States' includes any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and any territory or possession of the United States.

``(4) UNITED STATES PERSON.--As used in this section, the term `United States person' means any United States national, any permanent resident alien, and any sole proprietorship, partnership, company, association, or corporation organized under the laws of or having its principal place of business within the United States.

``(e) VIOLATIONS.--Whoever willfully violates any regulation issued under this section shall be fined not more than $100,000 or five times the total compensation received for the conduct which constitutes the violation, whichever is greater, or imprisoned for not more than ten years, or both, for each such offense.

``(f) CONGRESSIONAL OVERSIGHT.--

``(1) REVIEW OF REGULATIONS.--Not less than 30 days before issuing any regulations under this section (including any amendments thereto), the President shall transmit the proposed regulations to the Congress.

``(2) REPORTS.--Not less than once every six months, the President shall report to the Congress concerning the number and character of licenses granted and denied during the previous reporting period, and such other information as the President may find to be relevant to the accomplishment of the objectives of this section.

``(g) RELATIONSHIP TO OTHER LAWS.--The authority granted by this section is in addition to the authorities granted by any other provision of law.''.

SEC. 509. PROTECTION OF AMERICANS ENDANGERED BY THE APPEARANCE OF THEIR PLACE OF BIRTH ON THEIR PASSPORTS.

(a) FINDINGS.--Congress finds that some citizens of the United States may be specially endangered during a hijacking or other terrorist incident by the fact that their place of birth appears on their United States passport.

(b) NEGOTIATIONS.--The Secretary of State is directed to enter into negotiations with other countries to obtain general agreement to the deletion of the place of birth as a required item of information on passports.

TITLE VI--INTERNATIONAL NUCLEAR TERRORISM

SEC. 601. ACTIONS TO COMBAT INTERNATIONAL NUCLEAR TERRORISM.

(a) ACTIONS TO BE TAKEN BY THE PRESIDENT.--The Congress hereby directs the President--

(1) to seek universal adherence to the Convention on

the Physical Protection of Nuclear Material;

(2) to--

(A) conduct a review, enlisting the participation of all relevant departments and agencies of the Government, to determine whether the recommendations on Physical Protection of Nuclear Material published by the International Atomic Energy Agency are adequate to deter theft, sabotage, and the use of nuclear facilities and materials in acts of international terrorism, and

(B) transmit the results of this review to the Director-General of the International Atomic Energy Agency;

(3) to take, in concert with United States allies and other countries, such steps as may be necessary--

(A) to keep to an absolute minimum the amount of weapons-grade nuclear material in international transit, and

(B) to ensure that when any such material is transported internationally, it is under the most effective means for protecting it from acts or attempted acts of sabotage or theft by terrorist groups or nations; and

(4) to seek agreement in the United Nations Security Council to establish--

(A) an effective regime of international sanctions against any nation or subnational group which conducts or sponsors acts of international nuclear terrorism, and

(B) measures for coordinating responses to all acts of international nuclear terrorism, including measures for the recovery of stolen nuclear material and the clean-up of nuclear releases.

(b) REPORTS TO THE CONGRESS.--The President shall report to the Congress annually, in the reports required by section 601 of the Nuclear Non-Proliferation Act of 1978 (22 U.S.C. 3281), on the progress made during the preceding year in achieving the objectives described in this section.

SEC. 602. AUTHORITY TO SUSPEND NUCLEAR COOPERATION WITH NATIONS WHICH HAVE NOT RATIFIED THE CONVENTION ON THE PHYSICAL PROTECTION OF NUCLEAR MATERIAL.

Chapter 11 of the Atomic Energy Act of 1954 is amended by adding at the end thereof the following new section:

``SEC. 132. AUTHORITY TO SUSPEND NUCLEAR COOPERATION WITH NATIONS WHICH HAVE NOT RATIFIED THE CONVENTION ON THE PHYSICAL SECURITY OF NUCLEAR MATERIAL.--

``The President may suspend nuclear cooperation under this Act with any nation or group of nations which has not ratified the Convention on the Physical Security of Nuclear Material.''.

SEC. 603. CONSULTATION WITH THE DEPARTMENT OF DEFENSE CONCERNING CERTAIN NUCLEAR EXPORTS AND SUBSEQUENT ARRANGEMENTS.

Chapter 11 of the Atomic Energy Act of 1954, as amended by section 602 of this Act, is further amended by adding at the end thereof the following new section:

``SEC. 133. CONSULTATION WITH THE DEPARTMENT OF DEFENSE CONCERNING CERTAIN EXPORTS AND SUBSEQUENT ARRANGEMENTS.--

``a. In addition to other applicable requirements--

``(1) a license may be issued by the Nuclear Regulatory Commission under this Act for the export of special nuclear material described in subsection b.; and

``(2) approval may be granted by the Secretary of Energy under section 131 of this Act for the transfer of special nuclear material described in subsection b.;

only after the Secretary of Defense has been consulted on whether the physical protection of that material during the export or transfer will be adequate to deter theft, sabatoge, and other acts of international terrorism which would result in the diversion of that material. If, in the view of the Secretary of Defense, the export or transfer might be subject to a genuine terrorist threat, the Secretary shall provide to the Nuclear Regulatory Commission or the Secretary of Energy, as appropriate, his written assessment of the risk and a description of the actions the Secretary of Defense considers necessary to upgrade physical protection measures.

``b. Subsection a. applies to the export or transfer of more than 2 kilograms of plutonium or more than 20 kilograms of uranium enriched to more than 20 percent in the isotope 233 or the isotope 235.''.

SEC. 604. REVIEW OF PHYSICAL SECURITY STANDARDS.

(a) REVIEW.--The Secretary of Defense, the Secretary of State, the Secretary of Energy, the Director of the Arms Control and Disarmament Agency, and the Nuclear Regulatory Commission shall each review the adequacy of the physical security standards currently applicable with respect to the shipment and storage (outside the United States) of plutonium, and uranium enriched to more than 20 percent in the isotope 233 or the isotope 235, which is subject to United States prior consent rights, with special attention to protection against risks of seizure or other terrorist acts.

(b) REPORT.--Not later than 6 months after the date of enactment of this Act, the Secretary of Defense, the Secretary of State, the Secretary of Energy, the Director of the Arms Control and Disarmament Agency, and the Nuclear Regulatory Commission shall each submit a written report to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate setting forth the results of the review conducted pursuant to this section, together with appropriate recommendations.

SEC. 605. INTERNATIONAL REVIEW OF THE NUCLEAR TERRORISM PROBLEM.

The Congress hereby directs the President to seek a comprehensive review of the problem of nuclear terrorism by an international conference.

TITLE VII--MULTILATERAL COOPERATION TO COMBAT INTERNATIONAL TERRORISM

SEC. 701. CONSIDERATION OF INTERNATIONAL TERRORISM AT THE TOKYO ECONOMIC SUMMIT CONFERENCE.

The Congress hereby directs the President--

(1) to seek to have the issue of international terrorism included on the agenda of the 1986 Tokyo economic summit conference; and

(2) to seek agreement at that conference on a strengthening of the policy contained in the Joint Declaration on International Terrorism issued at the conclusion of the July 1978 Bonn economic summit conference, including agreement--

(A) to broaden that policy to cover the hijacking of all means of transportation, not just aircraft;

(B) to require the extradition or prosecution of those responsible for planning a hijacking, in addition to those who actually carried out the hijacking; and

(C) to impose a range of sanctions against those nations that refuse to extradite or prosecute all those responsible for any such hijacking.

SEC. 702. INTERNATIONAL ANTI-TERRORISM COMMITTEE.

The Congress hereby directs the President to continue to seek the establishment of an international committee, to be known as the International Anti-Terrorism Committee, consisting of representatives of the member countries of the North Atlantic Treaty Organization, Japan, and such other countries as may be invited and may choose to participate. The purpose of the Committee should be to focus the attention and secure the cooperation of the governments and the public of the participating countries and of other countries on the problems and responses to international terrorism (including nuclear terrorism), by serving as a forum at both the political and law enforcement levels.

SEC. 703. INTERNATIONAL ARRANGEMENTS RELATING TO PASSPORTS AND VISAS.

The Congress hereby directs the President to seek the negotiation of international agreements (or other appropriate arrangements) to provide for the sharing of information relating to passports and visas in order to enhance cooperation among countries in combatting international terrorism.

SEC. 704. PROTECTION OF AMERICANS ENDANGERED BY THE

APPEARANCE OF THEIR PLACE OF BIRTH ON THEIR PASSPORTS.

(a) FINDINGS.--The Congress finds that some citizens of the United States may be specially endangered during a hijacking or other terrorist incident by the fact that their place of birth appears on their United States passport.

(b) NEGOTIATIONS.--The Congress hereby directs the President to enter into negotiations with other countries to obtain general agreement to the deletion of the place of birth as a required item of information on passports.

SEC. 705. USE OF DIPLOMATIC PRIVILEGES AND IMMUNITIES FOR TERRORISM PURPOSES.

The Congress hereby directs the President to instruct the United States Ambassador to the United Nations to seek the adoption of a resolution in the United Nations condemning the use for terrorist purposes of diplomatic privileges and immunities under the Vienna Convention on Diplomatic Relations, especially the misuse of diplomatic pouches and diplomatic missions.

SEC. 706. REPORTS ON PROGRESS IN INCREASING MULTILATERAL COOPERATION.

Not later than 6 months after the date of enactment of this Act, the President shall submit a report to the Congress on the steps taken to carry out each of the preceding sections of this title and the progress being made in achieving the objectives described in those sections.

TITLE VIII--VICTIMS OF TERRORISM COMPENSATION

SEC 801. SHORT TITLE.

This title may be cited as the ``Victims of Terrorism Compensation Act''.

SEC. 802. BENEFITS FOR CAPTIVES AND OTHER VICTIMS OF HOSTILE ACTION.

(a) IN GENERAL.--Subchapter VII of chapter 55 of title 5, United States Code, is amended by adding at the end thereof the following:

``§5569. Benefits for captives

``(a) For the purpose of this section--

``(1) `captive' means any individual in a captive status commencing while such individual is--

``(A) in the civil service, or

``(B) a citizen, national, or resident alien of the United States rendering personal service to the United States similar to the service of an individual in the civil service (other than as a member of the uniformed services);

``(2) the term `captive status' means a missing status which, as determined by the President, arises because of a hostile action and is a result of the individual's relationship with the Government;

``(3) `missing status'--

``(A) in the case of an employee, has the meaning provided under section 5561(5) of this title; and

``(B) in the case of an individual other than an employee, has a similar meaning; and

``(4) `family member', as used with respect to a person, means--

``(A) any dependent of such person; and

``(B) any individual (other than a dependent under subparagraph (A)) who is a member of such person's family or household.

``(b)(1) The Secretary of the Treasury shall establish a savings fund to which the head of an agency may allot all or any portion of the pay and allowances of any captive to the extent that such pay and allowances are not subject to an allotment under section 5563 of this title or any other provision of law.

``(2) Amounts so allotted to the savings fund shall bear interest at a rate which, for any calendar quarter, shall be equal to the average rate paid on United States Treasury bills with 3-month maturities issued during the preceding calendar quarter. Such interest shall be compounded quarterly.

``(3) Amounts in the savings fund credited to a captive shall be considered as pay and allowances for purposes of section 5563 of this title and shall otherwise be subject to withdrawal under procedures which the Secretary of the Treasury shall establish.

``(4) Any interest accruing under this subsection on--

``(A) any amount for which an individual is indebted to the United States under section 5562(c) of this title shall be deemed to be part of the amount due under such section 5562(c); and

``(B) any amount referred to in section 5566(f) of this title shall be deemed to be part of such amount for purposes of such section 5566(f).

``(5) An allotment under this subsection may be made without regard to section 5563(c) of this title.

``(c) The head of an agency shall pay (by advancement or reimbursement) any individual who is a captive, and any family member of such individual, for medical and health care, and other expenses related to such care, to the extent that such care--

``(1) is incident to such individual being a captive; and

``(2) is not covered--

``(A) by any Government medical or health program; or

``(B) by insurance.

``(d)(1) Except as provided in paragraph (3), the President shall make a cash payment to any individual who became or becomes a captive commencing on or after November 4, 1979. Such payment shall be made before the end of the one-year period beginning on the date on which the captive status of such individual terminates or, in the case of any individual whose status as a captive terminated before the date of the enactment of the Victims of Terrorism Compensation Act, before the end of the one-year period beginning on such date.

``(2) A payment under this subsection in the case of any individual held as a captive--

``(A) shall be equal to an amount determined by the President, taking into account the treatment received by such individual while in captivity and any other factor which the President considers appropriate; but

``(B) shall be not less than the amount of the world-wide average per diem rate which would be payable to any person under section 5702 of this title, based on--

``(i) a period of time equal to the period for which such individual was held as a captive; and

``(ii) the world-wide average per diem rate which, during the period of captivity involved, was in effect under such section.

``(3) The President--

``(A) may defer a payment under this subsection in the case of any individual who, during the one-year period described in paragraph (1), is charged with an offense described in subparagraph (B), until final disposition of such charge; and

``(B) may deny such payment in the case of any individual who is convicted of an offense described in subsection (b) or (c) of section 8312 of this title committed--

``(i) during the period of captivity of such individual; and

``(ii) related to the captive status of such individual.

``(4) A payment under this subsection shall be in addition to any other amount provided by law.

``(5) The provisions of subchapter VIII of this chapter (or, in the case of any person not covered by such subchapter, similar provisions prescribed by the President) shall apply with respect to any amount due an individual under paragraph (1) after such individual's death.

``(6) Any payment made under paragraph (1) which is later denied under paragraph (3)(B) is a claim of the United States Government for purposes of section 3711 of title 31.

``(e)(1) Under regulations prescribed by the President, the benefits provided by the Soldiers' and Sailors' Civil Relief Act of 1940, including the benefits provided by section 701 of such Act but excluding the benefits provided by sections 104, 105, 106, 400 through 408, 501 through 512, and 514 of such Act, shall be provided in the case of any individual who is a captive.

``(2) In applying such Act under this subsection--

``(A) the term `person in the military service' is deemed to include any such captive;

``(B) the term `period of military service' is deemed to include the period during which the individual is in a captive status; and

``(C) references to the Secretary of the Army, the Secretary of the Navy, the Adjutant General of the Army, the Chief of Naval Personnel, and the Commandant, United States Marine Corps, are deemed, in the case of any captive, to be references to an individual designated for that purpose by the President.

``(f)(1)(A) Under regulations prescribed by the President, the head of an agency shall pay (by advancement or reimbursement) a spouse or child of a captive for expenses incurred for subsistence, tuition, fees, supplies, books, and equipment, and other educational expenses, while attending an educational or training institution.

``(B) Except as provided in subparagraph (C), payments shall be available under this paragraph for a spouse or child of an individual who is a captive for education or training which occurs--

``(i) after that individual has been in captive status for 90 days or more, and

``(ii) on or before--

``(I) the end of any semester or quarter (as appropriate) which begins before the date on which the captive status of that individual terminates, or

``(II) if the educational or training institution is not operated on a semester or quarter system, the earlier of the end of any course which began before such date or the end of the 16-week period following that date.

In order to respond to special circumstances, the appropriate agency head may specify a date for purposes of cessation of assistance under clause (ii) which is later than the date which would otherwise apply under such clause.

``(C) In the event a captive dies and the death is incident to that individual being a captive, payments shall be available under this paragraph for a spouse or child of such individual for education or training which occurs after the date of such individual's death.

``(D) The preceding provisions of this paragraph shall not apply with respect to any spouse or child who is eligible for assistance under chapter 35 of title 38 or similar assistance under any other provision of law.

``(E) For the purpose of this paragraph, `child' means a dependent under section 5561(3)(B) of this title.

``(2)(A) In order to respond to special circumstances, the head of an agency may pay (by advancement or reimbursement) a captive for expenses incurred for subsistence, tuition, fees, supplies, books, and equipment, and other educational expenses, while attending an educational or training institution.

``(B) Payments shall be available under this paragraph for a captive for education or training which occurs--

``(i) after the termination of that individual's captive status, and

``(ii) on or before--

``(I) the end of any semester or quarter (as appropriate) which begins before the date which is 10 years after the day on which the captive status of that individual terminates, or

``(II) if the educational or training institution is not operated on a semester or quarter system, the earlier of the end of any course which began before such date or the end of the 16-week period following that date, and

shall be available only to the extent that such payments are not otherwise authorized by law.

``(3) Assistance under this subsection--

``(A) shall be discontinued for any individual whose conduct or progress is unsatisfactory under standards consistent with those established pursuant to section 1724 of title 38; and

``(B) may not be provided for any individual for a period in excess of 45 months (or the equivalent thereof in other than full-time education or training).

``(4) Regulations prescribed to carry out this subsection shall provide that the program under this subsection shall be consistent with the assistance program under chapters 35 and 36 of title 38.

``(g) Any benefit provided under subsection (c) or (d) may, under regulations prescribed by the President, be provided to a family member of an individual if--

``(1) such family member is held in captive status; and

``(2) such individual is performing service for the United States as described in subsection (a)(1)(A) when the captive status of such family member commences.

``(h) Except as provided in subsection (d), this section applies with respect to any individual in a captive status commencing after January 21, 1981.

``(i) Notwithstanding any other provision of this subchapter, any determination by the President under subsection (a)(2) or (d) shall be conclusive and shall not be subject to judicial review.

``(j) The President may prescribe regulations necessary to administer this section.

``§5570. Compensation for disability or death

``(a) For the purpose of this section--

``(1) `employee´ means--

``(A) any individual in the civil service; and

``(B) any individual rendering personal service to the United States similar to the service of an individual in the civil service (other than as a member of the uniformed services); and

``(2) `family member´, as used with respect to an employee, means--

``(A) any dependent of such employee; and

``(B) any individual (other than a dependent under subparagraph (A)) who is a member of the employee´s family or household.

``(b) The President shall prescribe regulations under which an agency head may pay compensation for the disability or death of an employee or a family member of an employee if, as determined by the President, the disability or death was caused by hostile action and was a result of the individual´s relationship with the Government.

``(c) Any compensation otherwise payable to an individual under this section in connection with any disability or death shall be reduced by any amounts payable to such individual under any other program funded in whole or in part by the United States (excluding any amount payable under section 5569(d) of this title) in connection with such disability or death, except that nothing in this subsection shall result in the reduction of any amount below zero.

``(d) A determination by the President under subsection (b) shall be conclusive and shall not be subject to judicial review.

``(e) Compensation under this section may include payment (whether by advancement or reimbursement) for any medical or health expenses relating to the death or disability involved to the extent that such expenses are not covered under subsection (c) of section 5569 of this title (other than because of paragraph (2) of such subsection).

``(f) This section applies with respect to any disability or death resulting from an injury which occurs after September 30, 1985.''.

(b) CONFORMING AMENDMENT.--The analysis for chapter 55 of title 5, United States Code, is amended by inserting after the item relating to section 5568 the following:

``5569. Benefits for captives.
``5570. Compensation for disability or death.''.

SEC. 803. RETENTION OF LEAVE BY ALIEN EMPLOYEES FOLLOWING INJURY FROM HOSTILE ACTION ABROAD.

Section 6325 of title 5, United States Code, is amended by adding at the end thereof the following: ``The preceding provisions of this section shall apply in the case of an alien employee referred to in section 6301(2)(viii) of this title with respect to any leave granted to such alien employee under section 6310 of this title or section 408 of the Foreign Service Act of 1980.''.

SEC. 804. TRANSITION PROVISIONS.

(a) SAVINGS FUND.--(1) Amounts may be allotted to the savings fund under subsection (b) of section 5569 of title 5, United States Code (as added by section 802(a) of this Act) from pay and allowances for any pay period ending after January 21, 1981, and before the establishment of such fund.

(2) Interest on amounts so allotted with respect to any such pay period shall be calculated as if the allotment had occurred at the end of such pay period.

(b) MEDICAL AND HEALTH CARE; EDUCATIONAL EXPENSES.--Subsections (c) and (f) of such section 5569 (as so added) shall be carried out with respect to the period after January 21, 1981, and before the effective date of those subsections Act, under regulations prescribed by the President.

(c) DEFINITION.--For the purpose of this subsection, ``pay and allowances'' has the meaning provided under section 5561 of title 5, United States Code.

SEC. 805. BENEFITS FOR MEMBERS OF UNIFORMED SERVICES WHO ARE VICTIMS OF HOSTILE ACTION.

(a) PAYMENTS.--(1) Chapter 10 of title 37, United States Code, is amended by adding at the end thereof the following new section:

``§559. Benefits for members held as captives

``(a) In this section--

``(1) `captive status´ means a missing status of a member of the uniformed services which, as determined by the President, arises because of a hostile action and is a result of membership in the uniformed services, but does not include a period of captivity of a member as a prisoner of war if Congress provides to such member, in an Act enacted after the date of the enactment of the Victims of Terrorism Compensation Act, monetary payment in respect of such period of captivity; and

``(2) `former captive´ means a person who, as a member of the uniformed services, was held in a captive status.

``(b)(1) The Secretary of the Treasury shall establish a savings fund to which the Secretary concerned may allot all or any portion of the pay and allowances of any member of the uniformed services who is in a captive status to the extent that such pay and allowances are not subject to an allotment under section 553 of this title or any other provision of law.

``(2) Amounts so allotted shall bear interest at a rate which, for any calendar quarter, shall be equal to the average rate paid on United States Treasury bills with three-month maturities issued during the preceding calendar quarter. Such interest shall be computed quarterly.

``(3) Amounts in the savings fund credited to a member shall be considered as pay and allowances for purposes of section 553(c) of this title and shall otherwise be subject to withdrawal under procedures which the Secretary of the Treasury shall establish.

``(4) Any interest accruing under this subsection on--

``(A) any amount for which a member is indebted to the United States under section 552(c) of this title shall be deemed to be part of the amount due under such section; and

``(B) any amount referred to in section 556(f) of this title shall be deemed to be part of such amount for purposes of such section.

``(5) An allotment under this subsection may be made without regard to section 553(c) of this title.

``(c)(1) Except as provided in paragraph (3) of this subsection, the President shall make a cash payment to any person who is a former captive. Such payment shall be made before the end of the one-year period beginning on the date on which the captive status of such person terminates.

``(2) The amount of such payment shall be determined by the President under the provisions of section 5569(d)(2) of title 5.

``(3)(A) The President--

``(i) may defer such payment in the case of any former captive who during such one-year period is charged with an offense described in clause (ii) of this subparagraph, until final disposition of such charge; and

``(ii) may deny such payment in the case of any former captive who is convicted of a captivity-related offense--

``(I) referred to in subsection (b) or (c) of section 8312 of title 5; or

``(II) under chapter 47 of title 10 (the Uniform Code of Military Justice) that is punishable by dishonorable discharge, dismissal, or confinement for one year or more.

``(B) For the purposes of subparagraph (A) of this paragraph, a captivity-related offense is an offense that is--

``(i) committed by a person while the person is in a captive status; and

``(ii) related to the captive status of the person.

``(4) A payment under this subsection is in addition to any other amount provided by law.

``(5) Any amount due a person under this subsection shall, after the death of such person, be deemed to be pay and allowances for the purposes of this chapter.

``(6) Any payment made under paragraph (1) of this subsection that is later denied under paragraph (3)(A)(ii) of this subsection is a claim of the United States Government for purposes of section 3711 of title 31.

``(d) A determination by the President under subsection (a)(1) or (c) of this section is final and is not subject to judicial review.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

``559. Benefits for members held as captives.''.

(3)(A)(i) Except as provided in clause (ii), section 559 of title 37, United States Code, as added by paragraph (1), shall apply to any person whose captive status begins after January 21, 1981.

(ii)(I) Subsection (c) of such section shall apply to any person whose captive status begins on or after November 4, 1979.

(II) In the case of any person whose status as a captive terminated before the date of the enactment of this Act, the President shall make a payment under paragraph (1) of such subsection before the end of the one-year period beginning on such date.

(B) Amounts may be allotted to a savings fund established under such section from pay and allowances for any pay period ending after January 21, 1981, and before the establishment of such fund.

(C) Interest on amounts so allotted with respect to any such pay period shall be calculated as if the allotment had occurred at the end of such pay period.

(b) DISABILITY AND DEATH BENEFITS.--(1) Chapter 53 of title 10, United States Code, is amended by adding at the end thereof the following new section:

``§1051. Disability and death compensation: dependents of members held as captives

``(a) The President shall prescribe regulations under which the Secretary concerned may pay compensation for the disability or death of a dependent of a member of the uniformed services if the President determines that the disability or death--

``(1) was caused by hostile action; and

``(2) was a result of the relationship of the dependent to the member of the uniformed services.

``(b) Any compensation otherwise payable to a person under this section in connection with any disability or death shall be reduced by any amount payable to such person under any other program funded in whole or in part by the United States in connection with such disability or death, except that nothing in this subsection shall result in the reduction of any amount below zero.

``(c) A determination by the President under subsection (a) is conclusive and is not subject to judicial review.

``(d) In this section:

``(1) `Captive status' has the meaning given that term in section 559 of title 37.

``(2) `Dependent' has the meaning given that term in section 551 of that title.

``(3) `Secretary concerned' and `uniformed services' have the meanings given those terms in section 101 of that title.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

``1051. Disability and death compensation: dependents of members held as captives.''.

(3) Section 1051 of title 10, United States Code, as added by paragraph (1), shall apply with respect to any disability or death resulting from an injury that occurs after September 30, 1985.

(c) MEDICAL BENEFITS.--(1) Chapter 55 of title 10, United States Code, is amended by adding at the end thereof the following new section:

``**§1095. Medical care: members held as captives and their dependents**

``(a) Under regulations prescribed by the President, the Secretary concerned shall pay (by advancement or reimbursement) any person who is a former captive, and any dependent of that person or of a person who is in a captive status, for health care and other expenses related to such care, to the extent that such care--

``(1) is incident to the captive status; and

``(2) is not covered--

``(A) by any other Government medical or health program; or

``(B) by insurance.

``(b) In the case of any person who is eligible for medical care under section 1074 or 1076 of this title, such regulations shall require that, whenever practicable, such care be provided in a facility of the uniformed services.

``(c) In this section:

``(1) `Captive status' and `former captive' have the meanings given those terms in section 559 of title 37.

``(2) `Dependent' has the meaning given that term in section 551 of that title.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following

new item:

``1095. Medical care: members held as captives and their dependents.''.

(3)(A) Section 1095 of title 10, United States Code, as added by paragraph (1), shall apply with respect to any person whose captive status begins after January 21, 1981.

(B) The President shall prescribe specific regulations regarding the carrying out of such section with respect to persons whose captive status begins during the period beginning on January 21, 1981, and ending on the effective date of that section.

(d) EDUCATIONAL ASSISTANCE.--(1) Part III of title 10, United States Code, is amended by adding at the end thereof the following new chapter:

``CHAPTER 109--EDUCATIONAL ASSISTANCE FOR MEMBERS HELD AS CAPTIVES AND THEIR DEPENDENTS

``Sec.

``2171. Definitions.
``2172. Educational assistance: dependents of captives.
``2173. Educational assistance: former captives.
``2174. Termination of assistance.
``2175. Programs to be consistent with programs administered by the Veterans' Administration.

``§2171. Definitions

In this chapter:

``(1) 'Captive status' and 'former captive' have the meanings given those terms in section 559 of title 37.

``(2) 'Dependent' has the meaning given that term in section 551 of that title.

“**§2172. Educational assistance: dependents of captives**

“(a) Under regulations prescribed by the President, the Secretary concerned shall pay (by advancement or reimbursement) a dependent of a person who is in a captive status for expenses incurred, while attending an educational or training institution, for--

“(1) subsistence;

“(2) tuition;

“(3) fees;

“(4) supplies;

“(5) books;

“(6) equipment; and

“(7) other educational expenses.

“(b) Except as provided in section 2174 of this title, payments shall be available under this section for a dependent of a person who is in a captive status for education or training that occurs--

“(1) after that person is in a captive status for not less than 90 days; and

“(2) on or before--

“(A) the end of any semester or quarter (as appropriate) that begins before the date on which the captive status of that person terminates;

“(B) the earlier of the end of any course that began before such date or the end of the 16-week period following that date if the educational or training institution is not operated on a semester or quarter system; or

``(C) a date specified by the Secretary concerned in order to respond to special circumstances.

``(c) If a person in a captive status or a former captive dies and the death is incident to the captivity, payments shall be available under this section for a dependent of that person for education or training that occurs after the date of the death of that person.

``(d) The provisions of this section shall not apply to any dependent who is eligible for assistance under chapter 35 of title 38 or similar assistance under any other provision of law.

``§2173. Educational assistance: former captives

``(a) In order to respond to special circumstances, the Secretary concerned may pay (by advancement or reimbursement) a person who is a former captive for expenses incurred, while attending an educational or training institution, for--

``(1) subsistence;

``(2) tuition;

``(3) fees;

``(4) supplies;

``(5) books;

``(6) equipment; and

``(7) other educational expenses.

``(b) Except as provided in section 2174 of this title, payments shall be available under this section for a person who is a former captive for education or training that occurs--

``(1) after the termination of the status of that person as a captive; and

``(2) on or before--

``(A) the end of any semester or quarter (as appropriate) that begins before the end of the 10-year period beginning on the date on which the status of that person as a captive terminates; or

``(B) if the educational or training institution is not operated on a semester or quarter system, the earlier of the end of any course that began before such date or the end of the 16-week period following that date.

``(c) Payments shall be available under this section only to the extent that such payments are not otherwise authorized by law.

``§2174. Termination of assistance

``Assistance under this chapter--

``(1) shall be discontinued for any person whose conduct or progress is unsatisfactory under standards consistent with those established under section 1724 of title 38; and

``(2) may not be provided for any person for more than 45 months (or the equivalent in other than full-time education or training).

``§2175. Programs to be consistent with programs administered by the Veterans' Administration

``Regulations prescribed to carry out this chapter shall provide that the programs under this chapter shall be consistent with the educational assistance programs under chapters 35 and 36 of title 38.''.

(2) The table of chapters at the beginning of subtitle A of such title, and the table of chapters at the beginning of part III of such subtitle, are amended by inserting after the item relating to chapter 108 the following new item:

``109. Educational Assistance for Members Held as Captives and Their Dependents ....2171''.

(3) Chapter 109 of title 10, United States Code, as added by paragraph (1), shall apply with respect to persons whose captive status begins after January 21, 1981.

SEC. 806. Effective Date of Entitlements.

Provisions enacted by this title which provide new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 shall not be effective until October 1, 1986.

TITLE IX--MARITIME SECURITY

SEC. 901. SHORT TITLE.

This title may be cited as the ``International Maritime and Port Security Act''.

SEC. 902. INTERNATIONAL MEASURES FOR SEAPORT AND SHIPBOARD SECURITY.

The Congress encourages the President to continue to seek an agreement through the International Maritime Organization on matters of international seaport and shipboard security. In developing such agreement, each member country of the International Maritime Organization should consult with appropriate private sector interests in that country. Such agreement would establish seaport and vessel security standards and could include--

(1) seaport screening of cargo and baggage similar to that done by airports;

(2) security measures to restrict access to cargo, vessels, and dockside property to authorized personnel only;

(3) additional security onboard vessels;

(4) licensing or certification of compliance with appropriate security standards; and

(5) other appropriate measures to prevent unlawful acts against passengers and crews on board vessels.

SEC. 903. MEASURES TO PREVENT UNLAWFUL ACTS AGAINST

PASSENGERS AND CREWS ON BOARD SHIPS.

(a) REPORT ON PROGRESS OF IMO.--The Secretary of Transportation and the Secretary of State, jointly, shall report to the Congress by December 31, 1986, on the progress of the International Maritime Organization in developing recommendations on Measures to Prevent Unlawful Acts Against Passengers and Crews On Board Ships.

(b) CONTENT OF REPORT.--The report required by subsection (a) shall include the following information--

(1) the specific areas of agreement and disagreement on the recommendations among the member nations of the International Maritime Organization;

(2) the activities of the Maritime Safety Committee, the Facilitation Committee, and the Legal Committee of the International Maritime Organization in regard to the proposed recommendations; and

(3) the security measures specified in the recommendations.

(c) SECURITY MEASURES AT UNITED STATES PORTS.--If the member nations of the International Maritime Organization have not finalized and accepted the proposed recommendations by December 31, 1986, the Secretary of Transportation shall include in the report required by this section proposed legislation for the implementation of security measures at United States ports and on vessels operating from those ports based on the assessment of threat from acts of terrorism reported by the Secretary of Transportation under section 906.

SEC. 904. CRIMINAL SANCTIONS FOR THE SEIZURE OF VESSELS BY TERRORISTS.

The Congress encourages the President--

(1) to review the adequacy of domestic and international criminal sanctions against terrorists who seize or attempt to seize vessels; and

(2) to strenghten where necessary, through bilateral and multilateral efforts, the effectiveness of such sanctions.

Not later than one year after the date of enactment of this Act, the President shall submit a report to the Congress which includes the review of such sanctions and the efforts to improve such sanctions.

SEC. 905. PANAMA CANAL SECURITY.

Not later than 6 months after the date of enactment of this Act, the President shall report to the Congress on the status of physical security at the Panama Canal with respect to the threat of international terrorism.

SEC. 906. THREAT OF TERRORISM TO UNITED STATES PORTS AND VESSELS.

Not later than December 31, 1986, and semiannually thereafter, the Secretary of Transportation shall report to the Congress on the threat from acts of terrorism to United States ports and vessels operating from those ports.

SEC. 907. SUSPENSION OF PASSENGER SERVICES.

(a) PRESIDENT'S DETERMINATION.--Whenever the President determines that a foreign nation permits the use of territory under its jurisdiction as a base of operations or training for, or as a sanctuary for, or in any way arms, aids, or abets, any terrorist organization which knowingly uses the illegal seizure of passenger vessels or the threat thereof as an instrument of policy, the President may, without notice or hearing and for as long as the President determines necessary to assure the security of passenger vessels against unlawful seizure, suspend (1) the right of any passenger vessel common carrier to operate, and (2) the right of any passenger vessel of the United States to utilize any port in that foreign nation for passenger service.

(b) PROHIBITION.--It shall be unlawful for any passenger vessel common carrier to operate in violation of the suspension of rights by the President under this section.

SEC. 908. SECURITY STANDARDS IN FOREIGN WATER TRANSPORTATION.

(a) ASSESSMENT OF SECURITY MEASURES.--The Secretary of Transportation shall develop and implement a plan to assess the effectiveness of the security measures maintained at those foreign ports which the Secretary, in consultation with the Secretary of State, determines pose a high risk of acts of terrorism directed against passenger vessels.

(b) Consultation With the Secretary of State.--In carrying out subsection (a), the Secretary of Transportation shall consult the Secretary of State with respect to the terrorist threat which exists in each country. The Secretary of Transportation, in consultation with the Secretary of State, shall determine which foreign ports are not under the de facto control of the government of the country in which they are located and pose a high risk of acts of terrorism directed against passenger vessels.

(c) Report of Assessments.--Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation shall report to the Congress on the plan developed pursuant to subsection (a) and how the Secretary will implement the plan.

(d) Notification to Foreign Country of Determination.--If, after implementing the plan in accordance with subsection (a), the Secretary of Transportation determines that a port does not maintain and administer effective security measures, the Secretary of State (after being informed by the Secretary of Transportation) shall notify the appropriate authorities of such foreign government of such determination, and shall recommend the steps necessary to bring the security measures in use at that port up to the standard used by the Secretary in making such assessment.

(e) ANTI-TERRORISM ASSISTANCE RELATED TO MARITIME SECURITY.--The President is encouraged to provide anti-terrorism assistance related to maritime security under chapter 8 of part II of the Foreign Assistance Act of 1961 to foreign countries, especially with respect to a port which the Secretary of Transportation determines under subsection (a) does not maintain and administer effective security measures.

SEC. 909. TRAVEL ADVISORY AND SUSPENSION OF FOREIGN ASSISTANCE.

(a) TRAVEL ADVISORY.--Upon being notified by the Secretary of Transportation that the Secretary has determined, pursuant to section 908(d) that a condition exists that threatens the safety or security of passengers, passenger vessels, or crew travelling to or from a foreign port which the Secretary of Transportation has determined pursuant to that section to be a port which does not maintain and administer effective security measures, the Secretary of State shall immediately issue a travel advisory with respect to that port. Any travel advisory issued pursuant to this subsection shall be published in the Federal Register. The Secretary of State shall take the necessary steps to widely publicize that travel advisory.

(b) LIFTING OF TRAVEL ADVISORY.--The travel advisory required to be issued under subsection (a) may be lifted only if the Secretary of Transportation, in consultation with the Secretary of State, has determined that effective security measures are maintained and administered at the port with respect to which the Secretary of Transportation had made the determination described in section 908(d).

(c) NOTIFICATION TO CONGRESS.--The Congress shall be notified if any travel advisory imposed pursuant to this section is lifted.

SEC. 910. DEFINITIONS.

For purposes of this title--

(1) the term ``common carrier'' has the same meaning given such term in section 3(6) of the Shipping Act of 1984 (46 U.S.C. App. 1702(6)); and

(2) the terms ``passsenger vessel'' and ``vessel of the United States'' have the same meaning given such terms in section 2101 of title 46, United States Code.

Amend the title of the bill to read as follows: ``A Bill to provide enhanced diplomatic security and combat international terrorism, and for other purposes.''.

○